British Columbia Ferry Services Inc.

Annual Report
to the
British Columbia Ferries Commissioner

Year Ended March 31, 2013

Table of Contents

Introduction 2

Part 1: Services on Designated Routes

Overview 7

Reports for the Year Ended March 31, 2013

Operations Report 10

Temporary Service Disruptions Report 13

Route Financial Report 20

Part 2: Service Quality

Customer Satisfaction Tracking Annual Report - 2012 39

Complaints Resolution Report 79

Part 3: Additional or Alternative Service Providers

Overview 96

Introduction

In accordance with Section 66 of the *Coastal Ferry Act* ("Act"), British Columbia Ferry Services Inc. ("BC Ferries" or the "Company") is pleased to submit its annual report for the year ended March 31, 2013 (the "fiscal year" or "2012/13"), to the British Columbia Ferries Commissioner (the "Commissioner").

This report is a compilation of information on the services BC Ferries has provided during the fiscal year on designated ferry routes and includes information on the costs and quality of services provided and the actions taken by the Company to investigate additional or alternative service providers ("ASPs") to deliver services on these designated routes. This report responds to the specific information requirements conveyed to BC Ferries by the Commissioner and as identified in the Act.

Part 1: Services on Designated Routes

BC Ferries delivers coastal ferry services on 25 designated ferry routes under the Coastal Ferry Services Contract (the "Contract") between BC Ferries and the Province of British Columbia (the "Province") as represented by the Ministry of Transportation and Infrastructure. These ferry routes are regulated under the Act. In accordance with the Contract, BC Ferries also manages ferry transportation service on other unregulated routes through contracts with ASPs.

Part 1 of this report contains financial statistics, as well as information on traffic levels and operating and performance statistics for the fiscal year for each of the 25 designated ferry routes.

In 2012/13, BC Ferries carried 7.7 million vehicles[1] and 19.9 million passengers and delivered 84,113.5 round trips on the designated ferry routes. During the fiscal year, the Company continued to maintain a high standard of service reliability, delivering 99.8% of the scheduled round trip sailings[2]. On a system-wide basis, BC Ferries' on-time performance was 92.3% in the fiscal year.

Traffic levels in the fiscal year were lower than anticipated. BC Ferries experienced a 1.1% decline in vehicle traffic and a 1.2% decline in passenger traffic in 2012/13 compared to the prior fiscal year. A significant factor in the decline was a period of stormy weather with high winds that resulted in numerous sailing cancellations during the December holiday season. In three of the last five months of 2012/13, however, total traffic was higher than the same periods in the prior year.

In April 2012, BC Ferries' SailSafe program, a joint initiative with the BC Ferry & Marine Workers' Union entered the sustainment phase. This phase marked the transition from the implementation of a safety program to a regular part of the Company's business, fully integrated into all aspects of daily operations. Since

1 Equivalent to 8.8 million automobile equivalents (see the Operations Report for more information).
2 Excludes weather, medical or rescue related cancellations.

the inception of SailSafe in 2007, employee time loss injuries have decreased by over 50% and passenger injuries have decreased even more. These are but two of many significant improvements in safety-related performance arising from the SailSafe program.

While ensuring safety remains the first priority, BC Ferries has maintained a strong focus on containing costs and operating as efficiently as possible. The results have been positive. Operating expenses in the fiscal year, excluding fuel costs, were $27.2 million below previously planned levels as published in the Company's annual Business Plan for 2012/13. Overall, through prudent stewardship, the Company returned to a position of profitability in the fiscal year, despite lower than anticipated traffic levels.

Contributing to this result were savings arising from a reduction in sailings on the major routes as agreed to by the Province as part of the amendments to the Contract for performance term three ("PT3"). The Contract amendments provide for a reduction of up to 400 round trips on the major routes which is expected to yield savings totalling $4 million over PT3.

The Contract for PT3 contains principles and targets for further service level reductions system wide. These initiatives were expected to achieve efficiencies totalling $30 million over PT3. On April 3, 2013, the Contract was subsequently amended to extend the deadline for identifying these service level adjustments to March 31, 2014, in order to provide sufficient time to the Province to further consult with stakeholders regarding future service changes. As part of this amendment, the Province agreed to pay the Company $7.1 million in ferry transportation fees to compensate for the change in deadline and to reduce savings from service adjustments from $30 million to $22.9 million. In recognition of this amendment, the Commissioner issued an order updating his original PT3 price cap Order 12-02, and acknowledged the $4 million in savings from service reductions already implemented with $18.9 million yet to be identified.

Ferry service levels are a public policy decision of the Province, and the Company will await direction from the government regarding any future adjustments to service levels and the resulting impact on fares.

Through continued focus on containing costs and operating as efficiently as possible, the Company has exceeded the productivity targets set by the Commissioner in Order 12-02. In his Order, the Commissioner required the Company to achieve efficiencies totalling $54.2 million over the four years of PT3. In 2012/13, the first year of PT3, the Company made significant progress towards realizing this target, achieving operating cost efficiencies in excess of $31 million. These efficiencies were achieved by reducing fuel consumption by $6.3 million; travel, advertising, mail, telecommunication, property tax and credit card fees by $3.1 million; and wages and benefits by $10.6 million (including $1.4 million in executive compensation); as well as by achieving vessel and terminal maintenance cost reductions and efficiencies of $3.9 million and savings of $7.5 million in operating cost contingencies to mitigate revenue risk and incidences.

During the fiscal year, planning continued with respect to the refurbishment of the Company's minor and intermediate size vessels. In May 2013, the Company submitted an application to the Commissioner to acquire three intermediate class vessels to replace the *Queen of Nanaimo* and *Queen of Burnaby*. This marks the first step in the Company's plan to build standardized intermediate size vessels to achieve interoperability and design optimization. It also provides an opportunity for BC Ferries to explore further the use of liquefied natural gas ("LNG") as a potential fuel source for its vessels. LNG is not only currently cheaper than marine diesel, it is also better for the environment.

After extensive review, the Company announced in November 2012 its decision to proceed with plans to design and build a cable ferry to operate between Buckley Bay on Vancouver Island and Denman Island. The cable ferry is expected to enter service in the fall of 2014, and to provide a substantial cost savings over the 40-year project life compared to the current service.

This past fiscal year, BC Ferries continued to pursue innovative approaches for generating revenue from non-traditional sources. Two examples are BC Ferries' drop-trailer service and BC Ferries Vacations. Generating revenue from areas other than the farebox helps to reduce upward pressure on ferry fares. These two lines of business generated revenues of over $10 million this year.

BC Ferries also progressed during the year on its extensive, multi-year integrated business solution project to improve the end-to-end customer experience. The program called Automated Customer Experience ("ACE") will replace two of the Company's primary business systems, point-of-sale and reservations, and will introduce new services to enhance the overall level of customer service, especially in the areas of mobility and social media. The program is fundamental to the future evolution of ferry services and the Commissioner has initiated a performance review, in order to ensure that the interests of ferry users and taxpayers are fully considered.

Part 2: Service Quality

As in past years, BC Ferries commissioned an independent professional consulting organization to conduct and document a comprehensive customer satisfaction survey. In addition to meeting BC Ferries' obligations under the Contract, the survey is an important part of the Company's ongoing market research program that supports various operational and marketing initiatives. For comparative purposes, each year's survey since 2003 has included an identical set of questions, with minor modifications in 2004, 2009 and 2010. In 2012, 88% of customers surveyed reported being satisfied with their overall experience travelling on BC Ferries. Part 2 of this report contains a copy of the 2012 customer satisfaction tracking annual report.

Part 2 of this report also includes BC Ferries' complaints resolution report for the fiscal year. BC Ferries' current customer complaints process has been in place since 2005. Hearing from customers helps BC Ferries to understand if it is meeting or exceeding their expectations, or conversely, what areas need to be focussed on to improve service quality and support the Company in continuing to realize its vision and mission. The complaints resolution report contains a

summary of the feedback BC Ferries has received during the fiscal year, the lessons learned and the actions taken in response.

Part 3: Additional or Alternative Service Providers (ASPs)

BC Ferries is required by Section 69 of the Act to seek ASPs where so ordered by the Commissioner. When BC Ferries receives such an Order, it must prepare a plan for the Commissioner's approval, and then report to the Commissioner on the activities it undertook to comply with the Order. During the fiscal year, no Orders were issued by the Commissioner for BC Ferries to seek ASPs. However, consistent with its ongoing efforts to enhance efficiency and productivity in the delivery of coastal ferry services, BC Ferries from time to time proactively tests the market to determine if another operator, under sub-contract could provide safe, reliable and high quality service that is more cost-effective. Part 3 of this report provides information on the actions taken by BC Ferries in 2012/13 to seek ASPs.

Part 1

Services on Designated Routes

Part 1: Services on Designated Routes

Overview

This section contains financial statistics, as well as information on traffic levels, and operating and performance statistics for 2012/13 for each of the designated ferry routes.[3]

The following three reports are included:

Operations Report

This report provides the following information for the designated ferry routes, presented in numeric format for each route and route group:

- ***Round Trips***

The total number of round trips BC Ferries delivered on each of the designated ferry routes is provided.

Overall, BC Ferries delivered a total of 84,113.5 round trips during the fiscal year, which exceeded by 822 the core service level requirements specified in the Contract, as amended for performance term three.

- ***Vessel Capacity***

For each designated ferry route, the vessel capacity BC Ferries provided in the fiscal year is presented along with the calculation of capacity utilization. Capacity is calculated on the basis of automobile equivalents ("AEQ"). An AEQ represents the amount of vessel capacity occupied by a particular vehicle type expressed as the number of under height vehicles it displaces (e.g. a bus which displaces three under height vehicles (or cars) would have an AEQ of 3). In 2012/13, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated ferry routes ranging from 20.2% to 72.2%.

- ***Traffic and Revenue***

Vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during 2012/13 is presented and compared to the traffic carried in the previous fiscal year. The associated tariff revenue generated from each route is also shown.

In 2012/13, vehicle and passenger traffic levels declined by 1.1% and 1.2%, respectively. As noted above, a contributing factor to this decline was a period of stormy weather resulting in numerous sailing cancellations during the December holiday season. For three of the last five months of 2012/13 traffic levels were

[3] On March 31, 2013, BC Ferries reached agreement with the Province, amending the Contract, to consolidate all designated routes into a single route group effective April 1, 2013. This revised grouping will be in effect until March 31, 2016. In the absence of any further amendments, on April 1, 2016, the route group structure in the Contract will revert back to the structure at March 31, 2013.

higher than in the same periods in the prior year.

Revenue from vehicle and passenger traffic on the designated ferry routes in 2012/13 totalled $468.8 million, an increase of $11.8 million from the prior fiscal year.

PT3 commenced April 1, 2012. In March 2011, the Commissioner set preliminary price cap increases for each of the four years of PT3 of 4.15% for the three Major Routes and 8.23% for all other routes. On June 2, 2011, the *Coastal Ferry Amendment Act, 2011* (Bill 14) was enacted. Among other things, Bill 14 established a price cap increase for each route group for the first year of PT3 of 4.15% from the weighted average of the tariffs payable as at March 31, 2012. BC Ferries implemented tariff increases April 1, 2012 to the new levels authorized. The April 1, 2012 price cap and tariff increases were moderated by incremental funding provided from the Province (see below).

Bill 14 gave the Commissioner the mandate to conduct a review of the Act before issuance of his final decision on price caps for the balance of PT3. On January 24, 2012, the Commissioner issued his report to the Province and in May 2012, in response to the Commissioner's report, the Province enacted Bill 47. Together with the introduction of amendments to the Act, the Province announced additional payments totalling $79.5 million in order to reduce the pressure for future fare and price cap increases.

On September 30, 2012, the Commissioner established the price cap increases for the remainder of PT3: 4.1% at April 1, 2013; 4.0% at April 1, 2014; and 3.9% at April 1, 2015. BC Ferries implemented tariff increases April 1, 2013 to the new levels authorized.

On June 1, 2011, due to the rising costs of fuel, fuel surcharges on the major routes of 2.5% of tariffs on average were implemented and subsequently increased to 5.0% on average effective December 12, 2011. On December 12, 2011, a fuel surcharge of 2.5% of tariffs on average was implemented on route 3 (Horseshoe Bay to Langdale) while the majority of the other (non-northern) routes maintained the 5% surcharge which had also been put in place on June 1, 2011. Effective July 20, 2012, all fuel surcharges were reduced to 2.0% and effective November 20, 2012, were eliminated altogether. The Company continues to monitor its deferred fuel cost accounts. Due to the volatility of fuel pricing, fuel surcharges are likely to be re-introduced if current market conditions persist.

- ***On-Time Performance***

The percentage of sailings departing within 10 minutes of the scheduled time is provided for each of the designated ferry routes.

Meeting customer service expectations is an important factor in BC Ferries' focus on on-time performance.

In 2012/13, over 92% of BC Ferries' sailings, system-wide, departed within 10 minutes of schedule.

Temporary Service Disruptions Report

This report describes how the services provided by BC Ferries during the fiscal year compared to the core service levels set out in the Contract, as amended for performance term two. There are four sections of this report:

1. Cancelled Round Trips by Route and Route Group,
2. Cancelled and Extra Round Trips by Route and Route Group,
3. Cancelled Round Trips by Days For Route and Route Group, and
4. Round Trip Service Delivery and On-Time Performance.

For each designated ferry route, the cumulative and consecutive number of days for which round trips were missed and the causes of the missed round trips are noted. In 2012/13, BC Ferries exceeded its annual core service level commitments under the Contract by 822 net round trips. Most of these additional round trips were delivered in the summer on route 21 (Buckley Bay to Denman Island) and route 22 (Denman Island to Hornby Island) to accommodate peak period traffic demand.

In the "Round Trip Service Delivery and On-Time Performance" section of the report, certain elements of reporting are graphically presented including the scheduled and actual round trips and on-time performance. The percentage of sailings departing within 10 minutes of the scheduled time is provided for each of the designated ferry routes, as well as the reasons for the delays.

This report also provides information on "overload sailings" which is defined as a sailing for which one or more vehicles waiting to travel could not be accommodated. Overall, 7.5% of the sailings on the designated ferry routes were overloaded in 2012/13, the same as in 2011/12.

Route Financial Report

This report provides financial information for the fiscal year with comparative figures for the previous fiscal year for each of the designated ferry routes.

The information is provided by individual route and is also summarized by the route groups specified in the Contract. Revenues and expenses are assigned directly to a route where possible or allocated to routes where direct assignment is not possible. Allocation to routes is based on various factors which reflect the activity that gave rise to the revenue or expense.

Commencing 2012/13, all of BC Ferries financial reporting is prepared in accordance with International Financial Reporting Standards (IFRS). The route financial report reflects this changeover to IFRS from Canadian generally accepted accounting principles (previous GAAP). The report includes a detailed explanation as well as a reconciliation between the 2011/12 route statements previously reported (prepared using previous GAAP) and those reflecting IFRS.

Operations Report

Year Ended March 31, 2013

BCFerries

Operations Summary Report for the Year Ended March 31, 2013

Route Group	Route	A Actual Round Trips	B Capacity Provided (AEQ's)	C AEQ's Carried Fiscal 2013	D Capacity Utilization (C / B)	E AEQ's Carried Fiscal 2012	F AEQ Growth (C - E)	G AEQ Tariff Revenue Fiscal 2013 Note 3	H AEQ Tariff Revenue Fiscal 2012	I AEQ Tariff Revenue Growth (G - H)	
1	1	3,829.0	2,894,340	2,090,878	72.2%	2,101,692	(10,814)	$ 106,069,958	$ 101,688,375	$ 4,381,583	
1	2	3,052.0	2,215,968	1,289,221	58.2%	1,289,690	(469)	62,385,432	59,859,220	2,526,212	
1	3	3,059.0	2,213,992	1,205,738	54.5%	1,225,018	(19,280)	24,187,908	23,848,165	339,743	
1	30	2,681.0	1,729,530	825,623	47.7%	828,180	(2,557)	50,786,226	48,222,837	2,563,389	
Major Routes		**12,621.0**	**9,053,830**	**5,411,460**	**59.8%**	**5,444,580**	**(33,120)**	**243,429,524**	**233,618,597**	**9,810,927**	*Note 2*
2	10	124.0	34,638	13,516	39.0%	14,003	(487)	4,054,804	4,219,991	(165,187)	
2	11	183.5	41,069	17,464	42.5%	17,184	280	2,974,177	2,967,157	7,020	
2	40	39.0	8,970	2,643	29.5%	2,490	153	755,794	690,517	65,277	
Northern Routes		**346.5**	**84,677**	**33,623**	**39.7%**	**33,677**	**(54)**	**7,784,775**	**7,877,665**	**(92,890)**	
3	4	2,881.0	574,530	307,636	53.5%	313,815	(6,179)	3,187,926	3,142,836	45,090	
3	5	3,494.0	687,383	255,146	37.1%	260,685	(5,539)	2,995,893	3,054,736	(58,843)	
3	6	5,036.0	705,040	250,470	35.5%	255,439	(4,969)	2,789,438	2,804,940	(15,502)	
3	7	2,871.0	712,470	187,465	26.3%	190,795	(3,330)	3,890,432	3,896,043	(5,611)	
3	8	5,575.0	954,850	484,240	50.7%	503,601	(19,361)	5,044,033	5,066,107	(22,074)	
3	9	829.0	361,520	152,514	42.2%	154,673	(2,159)	6,270,088	6,103,822	166,266	
3	12	3,210.0	141,240	78,279	55.4%	70,275	8,004	853,476	748,185	105,291	
3	13	4,117.0	*Pass. Only*	*Pass. Only*	*Pass. Only*	*Pass. Only*	*Pass. Only*	287	379	(92)	*Note 1*
3	17	1,424.0	546,816	161,845	29.6%	169,262	(7,417)	5,439,448	5,649,039	(209,591)	
3	18	3,649.0	355,250	90,815	25.6%	88,381	2,434	630,283	593,910	36,373	
3	19	5,728.0	801,360	364,313	45.5%	366,511	(2,198)	2,874,201	2,826,576	47,625	
3	20	4,365.0	279,360	81,281	29.1%	82,957	(1,676)	616,033	608,485	7,548	
3	21	6,458.0	594,240	244,560	41.2%	249,636	(5,076)	1,644,513	1,658,483	(13,970)	
3	22	4,753.0	285,000	108,608	38.1%	109,594	(986)	700,040	686,570	13,470	
3	23	6,245.0	874,370	366,607	41.9%	376,113	(9,506)	2,796,109	2,839,807	(43,698)	
3	24	2,107.0	126,420	55,628	44.0%	56,036	(408)	483,857	476,567	7,290	
3	25	3,956.0	237,360	88,085	37.1%	88,994	(909)	820,120	798,784	21,336	
3	26	4,448.0	231,296	46,642	20.2%	46,771	(129)	382,309	367,652	14,657	
Minor Routes		**71,146.0**	**8,468,505**	**3,324,134**	**39.3%**	**3,383,538**	**(59,404)**	**41,418,486**	**41,322,921**	**95,565**	
Total		**84,113.5**	**17,607,012**	**8,769,217**	**49.8%**	**8,861,795**	**(92,578)**	**292,632,785**	**282,819,183**	**9,813,602**	

Obligation settled	(1,536,710)
Total vehicle fare revenue	**291,096,075**

Note 1) Revenue arises from bike traffic and freight.

Note 2) For the Major Routes group, prior year totals have been updated to reflect the inclusion of Route 3.

Note 3) At March 31, 2012 the Major Routes were over price cap by $2.4 million (Vehicles $1.5 million and Passenger $0.9 million).
This obligation to customers was settled in the quarter ended June 30, 2012.

Note 4) Indicates percentage of sailings departing within 10 minutes of scheduled departure for Route Groups 1 and 3,
and arriving within 10 minutes of scheduled arrival for Route Group 2.
Prior year on-time performance results for Route Group 2 have been restated to reflect the change from departure to arrival based on time performance reporting.

BCFerries

Operations Summary Report for the Year Ended March 31, 2013

Route Group	Route	J Passengers Fiscal 2013	K Passengers Fiscal 2012	L Passenger Growth (J - K)	M Passenger Tariff Revenue Fiscal 2013 *Note 3*	N Passenger Tariff Revenue Fiscal 2012	O Passenger Tariff Revenue Growth (M - N)		% Sailings Within 10 Min. *(Note 4)* Fiscal 2011	Fiscal 2012	Fiscal 2013
1	1	5,589,971	5,645,013	(55,042)	$ 71,285,026	$ 69,016,885	$ 2,268,141		85.2%	84.1%	87.2%
1	2	3,310,473	3,340,199	(29,726)	41,754,677	40,488,854	1,265,823		79.3%	85.5%	76.2%
1	3	2,501,900	2,539,363	(37,463)	13,193,508	12,985,575	207,933		78.4%	87.5%	81.9%
1	30	1,374,878	1,396,232	(21,354)	17,053,913	16,650,200	403,713		92.1%	90.1%	92.8%
Major Routes		**12,777,222**	**12,920,807**	**(143,585)**	**143,287,124**	**139,141,514**	**4,145,610**	*Note 2*	**83.6%**	**86.5%**	**84.5%**
2	10	38,108	39,622	(1,514)	4,927,807	5,198,250	(270,443)		91.2%	89.1%	89.8%
2	11	35,791	34,487	1,304	1,221,945	1,140,198	81,747		95.1%	95.9%	97.0%
2	40	6,949	6,533	416	767,658	737,045	30,613		93.7%	86.2%	90.1%
Northern Routes		**80,848**	**80,642**	**206**	**6,917,410**	**7,075,493**	**(158,083)**		**92.7%**	**90.6%**	**91.9%**
3	4	619,939	627,080	(7,141)	2,639,135	2,596,293	42,842		94.9%	93.8%	95.9%
3	5	459,393	467,576	(8,183)	1,855,653	1,755,098	100,555		76.1%	82.2%	88.9%
3	6	478,733	490,030	(11,297)	1,669,174	1,650,270	18,904		88.1%	88.9%	91.1%
3	7	331,679	339,021	(7,342)	1,754,524	1,769,094	(14,570)		91.7%	94.7%	95.6%
3	8	1,132,383	1,145,637	(13,254)	3,328,933	3,272,044	56,889		84.9%	91.5%	90.3%
3	9	434,839	434,582	257	4,619,207	4,471,706	147,501		77.8%	87.5%	89.2%
3	12	154,384	137,591	16,793	682,081	601,251	80,830		87.8%	89.5%	91.9%
3	13	46,964	47,892	(928)	170,519	166,281	4,238		99.2%	99.7%	99.4%
3	17	352,820	365,822	(13,002)	3,765,608	3,820,026	(54,418)		86.8%	83.0%	94.4%
3	18	170,604	171,706	(1,102)	477,477	458,035	19,442		88.5%	82.9%	90.2%
3	19	771,783	777,495	(5,712)	1,995,172	1,958,650	36,522		89.6%	93.5%	96.1%
3	20	247,556	255,031	(7,475)	556,810	551,098	5,712		80.8%	86.0%	83.8%
3	21	463,752	474,679	(10,927)	1,153,854	1,180,542	(26,688)		99.3%	99.2%	99.1%
3	22	208,253	218,573	(10,320)	493,914	508,545	(14,631)		98.3%	96.8%	97.1%
3	23	785,170	804,149	(18,979)	1,948,245	1,935,971	12,274		98.0%	98.1%	98.6%
3	24	96,918	96,925	(7)	321,658	311,811	9,847		92.4%	92.0%	94.5%
3	25	218,417	225,273	(6,856)	717,970	712,905	5,065		93.5%	93.8%	88.0%
3	26	87,441	89,466	(2,025)	254,151	247,304	6,847		99.5%	99.5%	99.4%
Minor Routes		**7,061,028**	**7,168,528**	**(107,500)**	**28,404,085**	**27,966,924**	**437,161**		**90.6%**	**92.4%**	**93.6%**
Total		**19,919,098**	**20,169,977**	**(250,879)**	**178,608,619**	**174,183,931**	**4,424,688**		**89.6%**	**91.6%**	**92.3%**
					Obligation settled						
					(924,282)						
Total passenger fare revenue					**177,684,337**						
Total vehicle and passenger fare revenue per financial statements					**468,780,412**						

Temporary Service Disruptions Report

Year Ended March 31, 2013

BCFerries

CANCELLED ROUND TRIPS BY ROUTE AND ROUTE GROUP

PERFORMANCE AGAINST MINIMUM (DAILY) CORE SERVICE LEVELS

Fiscal 2012/13 Year Ended March 31, 2013			Cancellations of Minimum Required Round Trips for Reasons Specified in Schedule A, 2(a) of the Coastal Ferry Services Contract												Cancellations of Round Trips for Other Reasons				
Routes	Terminal 1	Terminal 2	Major Incident	Weather	Emerg. Response	Medical Emerg.	Regulatory Issue	Terminal / Dock Maint.	Terminal / Dock Mech. Failure	Vessel Maint.	Vessel Mech. Failure	Vessel Sink / Ground	Fire	Labour Dispute	Allowed Cancels	Community Event	Traffic	Other Cancels	Total Cancels	% of Required Round Trips Cancelled
Route 01	Swartz Bay	Tsawwassen	1	7							12				20.0			0.0	20.0	0.36%
Route 02	Horseshoe Bay	Departure Bay	2	7							1				10.0			0.0	10.0	
Route 03	Langdale	Horseshoe Bay									1				1.0			0.0	1.0	
Route 30	Duke Point	Tsawwassen		5							5		3		13.0			0.0	13.0	
Major Routes			3	19	0	0	0	0	0	0	19	0	3	0	44.0	0	0	0.0	44.0	0.36%
Route 10	Port Hardy	Prince Rupert													0.0			0.0	0.0	0.00%
Route 11	Skidegate	Prince Rupert		5											5.0			0.0	5.0	2.64%
Route 40	Port Hardy	Mid-coast													0.0			0.0	0.0	0.00%
Northern Routes			0	5	0	0	0	0	0	0	0	0	0	0	5.0	0	0	0.0	5.0	1.42%
Route 04	Fulford Harbour	Swartz Bay													0.0			0.0	0.0	0.00%
Route 05	Swartz Bay	Four SGIs		2			2								4.0			0.0	4.0	0.11%
Route 06	Crofton	Vesuvius Bay		3		2	3				1				9.0			0.0	9.0	0.18%
Route 07	Earls Cove	Saltery Bay					1			3					4.0			0.0	4.0	0.14%
Route 08	Horseshoe Bay	Bowen Island			1		1				2.5				4.5			0.0	4.5	0.08%
Route 09	Tsawwassen	Long Harbour		1											1.0			0.0	1.0	0.12%
Route 12	Mill Bay	Brentwood Bay					4								4.0			0.0	4.0	0.12%
Route 13*	Langdale	Gambier/Keats		3											3.0			0.0	3.0	0.07%
Route 17	Little River	Powell River		27			3				4				34.0			0.0	34.0	2.33%
Route 18	Texada	Powell River		23		1					7				31.0			0.0	31.0	0.85%
Route 19	Nanaimo Harbour	Gabriola Island				1	2				1				4.0			0.0	4.0	0.07%
Route 20	Chemainus	Thetis Island	2	1							8				11.0			0.0	11.0	0.25%
Route 21	Buckley Bay	Denman West							1						1.0			0.0	1.0	0.02%
Route 22	Denman East	Hornby Island		11							1				12.0			0.0	12.0	0.27%
Route 23	Campbell River	Quadra Island		36			2								38.0			0.0	38.0	0.61%
Route 24	Quadra Island	Cortes Island		26			3				2				31.0			0.0	31.0	1.45%
Route 25	Port McNeill	Alert Bay		4											4.0			0.0	4.0	0.10%
Route 26	Skidegate	Alliford Bay	2	27						1					30.0		4	4.0	34.0	0.76%
Minor Routes			4	164	1	4	21	0	1	4	26.5	0	0	0	225.5	0	4	4.0	229.5	0.32%
TOTAL			7.0	188.0	1.0	4.0	21.0	0.0	1.0	4.0	45.5	0.0	3.0	0.0	274.5	0.0	4.0	4.0	278.5	0.33%
% of Required Round Trips Cancelled			0.01%	0.23%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%	0.33%	0.00%	0.00%	0.00%	0.33%	

Note: Route 13 core service levels include some round trips that are deliverable only 'on demand.'

CANCELLED & EXTRA ROUND TRIPS BY ROUTE AND ROUTE GROUP

Fiscal 2012/13 Year Ended March 31, 2013			
Routes		**Terminal 1**	**Terminal 2**
	Route 01	Swartz Bay	Tsawwassen
	Route 02	Horseshoe Bay	Departure Bay
	Route 03	Langdale	Horseshoe Bay
	Route 30	Duke Point	Tsawwassen
Major Routes			
	Route 10	Port Hardy	Prince Rupert
	Route 11	Skidegate	Prince Rupert
	Route 40	Port Hardy	Mid-coast
Northern Routes			
	Route 04	Fulford Harbour	Swartz Bay
	Route 05	Swartz Bay	Four SGIs
	Route 06	Crofton	Vesuvius Bay
	Route 07	Earls Cove	Saltery Bay
	Route 08	Horseshoe Bay	Bowen Island
	Route 09	Tsawwassen	Long Harbour
	Route 12	Mill Bay	Brentwood Bay
	Route 13	Langdale	Gambier/Keats
	Route 17	Little River	Powell River
	Route 18	Texada	Powell River
	Route 19	Nanaimo Harbour	Gabriola Island
	Route 20	Chemainus	Thetis Island
	Route 21	Buckley Bay	Denman West
	Route 22	Denman East	Hornby Island
	Route 23	Campbell River	Quadra Island
	Route 24	Quadra Island	Cortes Island
	Route 25	Port McNeill	Alert Bay
	Route 26	Skidegate	Alliford Bay
Minor Routes			
TOTAL			

Performance Against CFSC Requirement Annual Core Service Levels Year Ended March 31, 2013					
Actual Round Trips (1)	**Round Trips Required**(2)	**Variance - Net Extra / Short Round Trips**	**Required Round Trips Cancelled**	**Total Extra / Short Round Trips**	
3,829.0	12,294.0	327.0	44.0	371.0	
3,052.0					
3,059.0					
2,681.0					
12,621.0	**12,294.0**	**327.0**	**44.0**	**371.0**	(3)
124.0	123.0	1.0	0.0	1.0	
183.5	189.5	-6.0	5.0	-1.0	(2)
39.0	39.0	0.0	0.0	0.0	
346.5	**351.5**	-5.0	**5.0**	**0.0**	
2,881.0	2,880.0	1.0	0.0	1.0	
3,494.0	3,492.0	2.0	4.0	6.0	
5,036.0	5,047.0	-11.0	9.0	-2.0	(2)
2,871.0	2,877.0	-6.0	4.0	-2.0	(2)
5,575.0	5,570.0	5.0	4.5	9.5	
829.0	830.0	-1.0	1.0	0.0	
3,210.0	3,216.0	-6.0	4.0	-2.0	(2)
4,117.0	4,062.0	55.0	3.0	58.0	
1,424.0	1,458.0	-34.0	34.0	0.0	
3,649.0	3,648.0	1.0	31.0	32.0	
5,728.0	5,731.0	-3.0	4.0	1.0	
4,365.0	4,377.0	-12.0	11.0	-1.0	(2)
6,458.0	6,148.0	310.0	1.0	311.0	
4,753.0	4,481.0	272.0	12.0	284.0	
6,245.0	6,252.0	-7.0	38.0	31.0	
2,107.0	2,135.0	-28.0	31.0	3.0	
3,956.0	3,960.0	-4.0	4.0	0.0	
4,448.0	4,482.0	-34.0	34.0	0.0	
71,146.0	**70,646.0**	**500.0**	**229.5**	**729.5**	
84,113.5	**83,291.5**	**822.0**	**278.5**	**1,100.5**	

Note: (1) In certain circumstances (e.g. vessel or dock breakdown, mechanical failure or maintenance) round trips may be provided by contracted service providers (e.g. water taxi, tug & barge, flights).

(2) Core Service Levels do not apply on Christmas Day for Designated Ferry Routes 6, 7, 11, 12 and 20.

(3) For the Major Routes, the annual number of round trips required under the Contract is an aggregate total for the four routes (Routes 1, 2, 3 and 30).

CANCELLED ROUND TRIPS BY ROUTES (by Days)

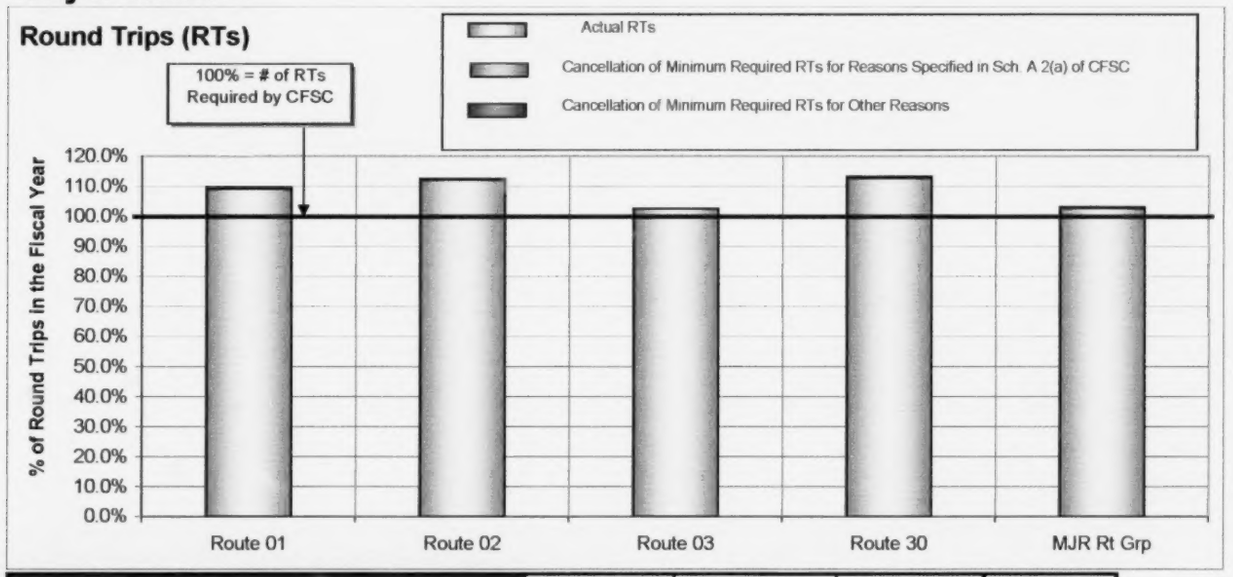
(For Cancellations of Minimum Required Round Trips for Reasons Specified in Schedule A. 2(a) of the Coastal Ferry Services Contract)

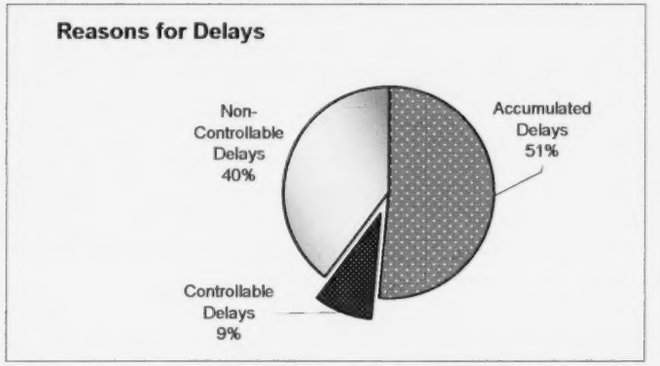
Fiscal 2012/13 Year Ended March 31, 2013				Performance Against CFSC Requirement Annual Core Service Levels	
Routes				Cumulative Days When Round Trips Missed *Allowed 30 Days / Route*	Highest Consecutive Days when Round Trips Missed *Allowed 20 Days / Route*
Major Routes	Route 01	Swartz Bay	Tsawwassen	12	3
	Route 02	Horseshoe Bay	Departure Bay	5	1
	Route 03	Langdale	Horseshoe Bay	1	1
	Route 30	Duke Point	Tsawwassen	7	2
Northern Routes	Route 10	Port Hardy	Prince Rupert	0	0
	Route 11	Skidegate	Prince Rupert	8	2
	Route 40	Port Hardy	Mid-coast	0	0
Minor Routes	Route 04	Fulford Harbour	Swartz Bay	0	0
	Route 05	Swartz Bay	Four SGIs	4	1
	Route 06	Crofton	Vesuvius Bay	7	1
	Route 07	Earls Cove	Saltery Bay	4	1
	Route 08	Horseshoe Bay	Bowen Island	5	1
	Route 09	Tsawwassen	Long Harbour	1	1
	Route 12*	Mill Bay	Brentwood Bay	3	1
	Route 13	Langdale	Gambier/Keats	1	1
	Route 17	Little River	Powell River	21	3
	Route 18	Texada	Powell River	13	2
	Route 19	Nanaimo Harbour	Gabriola Island	4	1
	Route 20	Chemainus	Thetis Island	8	3
	Route 21	Buckley Bay	Denman West	1	1
	Route 22	Denman East	Hornby Island	5	2
	Route 23	Campbell River	Quadra Island	10	2
	Route 24	Quadra Island	Cortes Island	14	2
	Route 25	Port McNeill	Alert Bay	1	1
	Route 26*	Skidegate	Alliford Bay	12	1

***Note:** The Coastal Ferry Services Contract includes an allowance for a temporary service disruption on Routes 12 and 26 of up to 65 consecutive days once every four years for the purpose of carrying out quadrennial surveys and refits

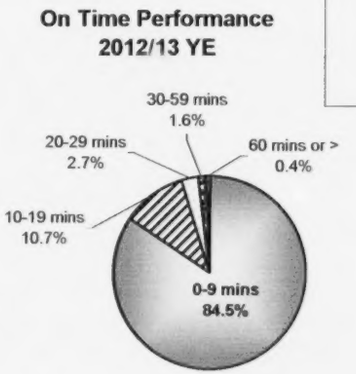
Round Trip Service Delivery and On Time Performance
Fiscal 2012/13
Year Ended March 31, 2013

Major Routes



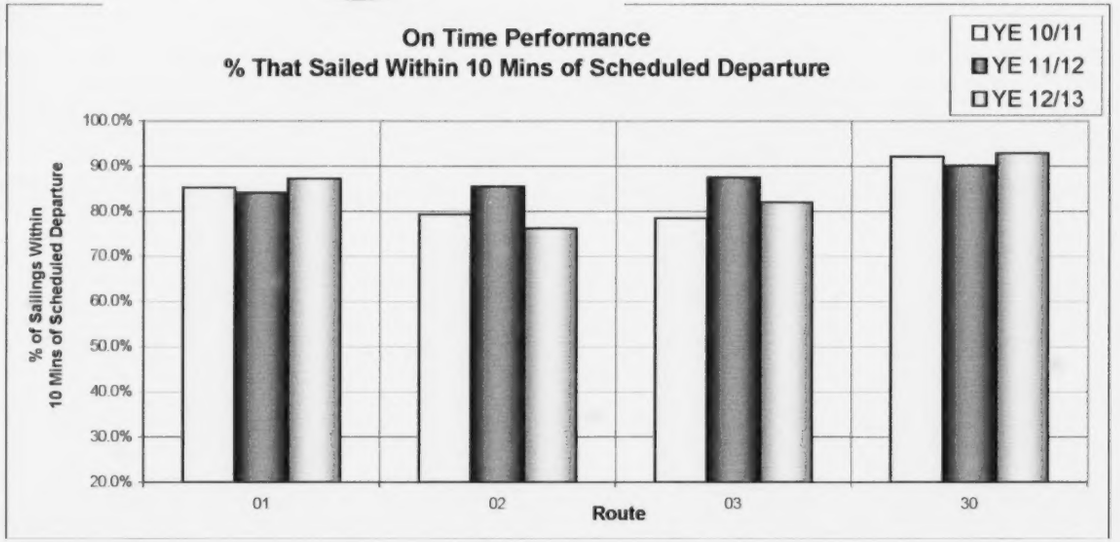


Controllable = Under the control of the company (loading procedure, fuelling, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay



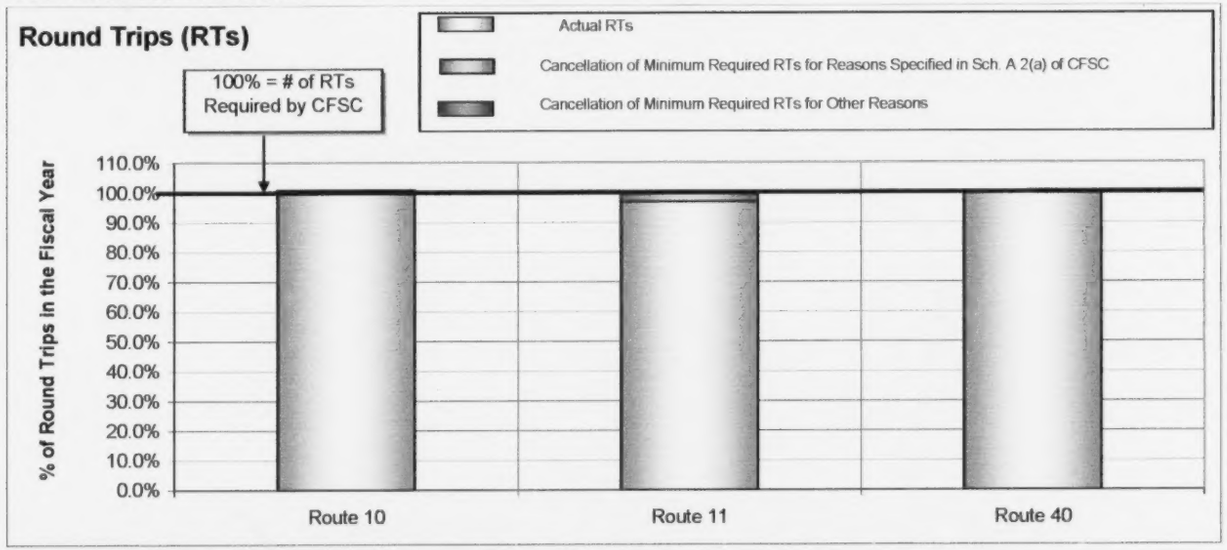
Routes	Major Route Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,829.0	12,294.0	327.0	36.9%
Route 02	Horseshoe Bay-Nanaimo	3,052.0			26.6%
Route 03	Langdale-Horseshoe Bay	3,059.0			13.8%
Route 30	Nanaimo-Tsawwassen	2,681.0			14.3%
MAJOR Routes Total*		**12,621.0**	**12,294.0**	**327.0**	**24.0%**

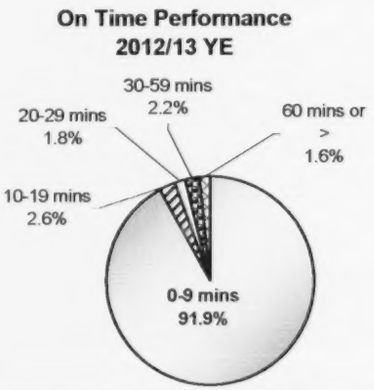
***Note:** For the Major Routes, the annual number of round trips required under the Contract is an aggregate total for the four routes (Routes 1, 2, 3 and 30).

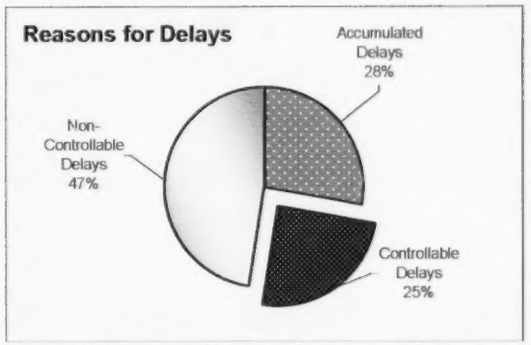


Round Trip Service Delivery and On Time Performance
Fiscal 2012/13
Year Ended March 31, 2013

Northern Routes

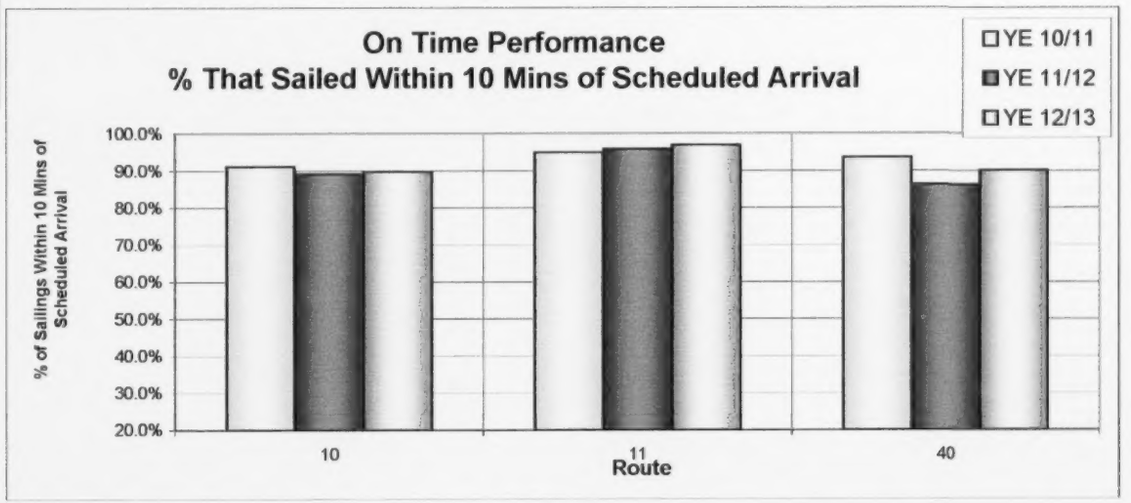






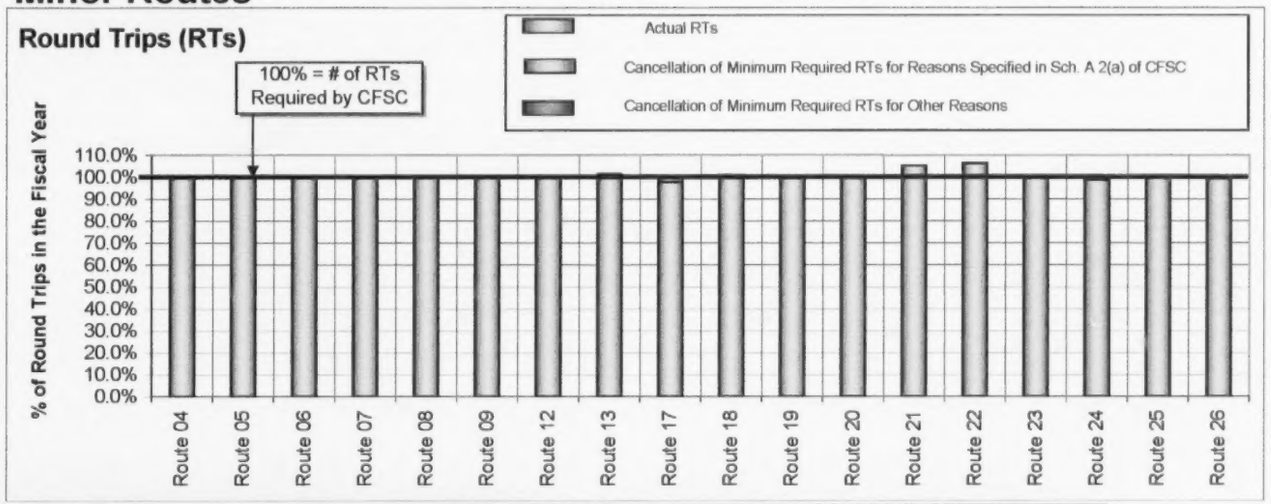
Controllable = Under the control of the company (loading procedure, fuelling, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

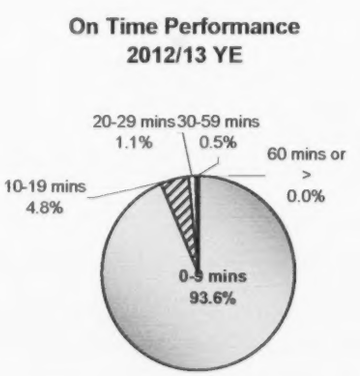
Routes	Northern Routes Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 10	Port Hardy-Prince Rupert	124.0	123.0	1.0	0.3%
Route 11*	Skidegate-Prince Rupert	183.5	189.5	-6.0	0.0%
Route 40	Port Hardy-Mid-coast	39.0	39.0	0.0	0.0%
NORTHERN Routes Total		**346.5**	**351.5**	-5.0	**0.2%**

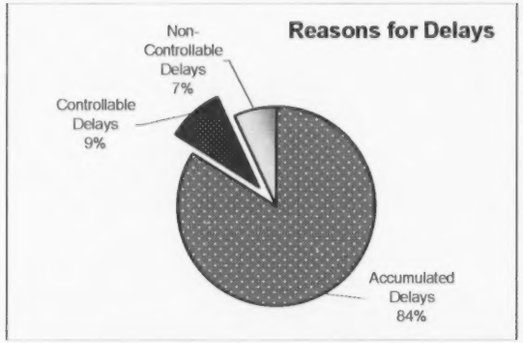


Round Trip Service Delivery and On Time Performance
Fiscal 2012/13
Year Ended March 31, 2013

Minor Routes



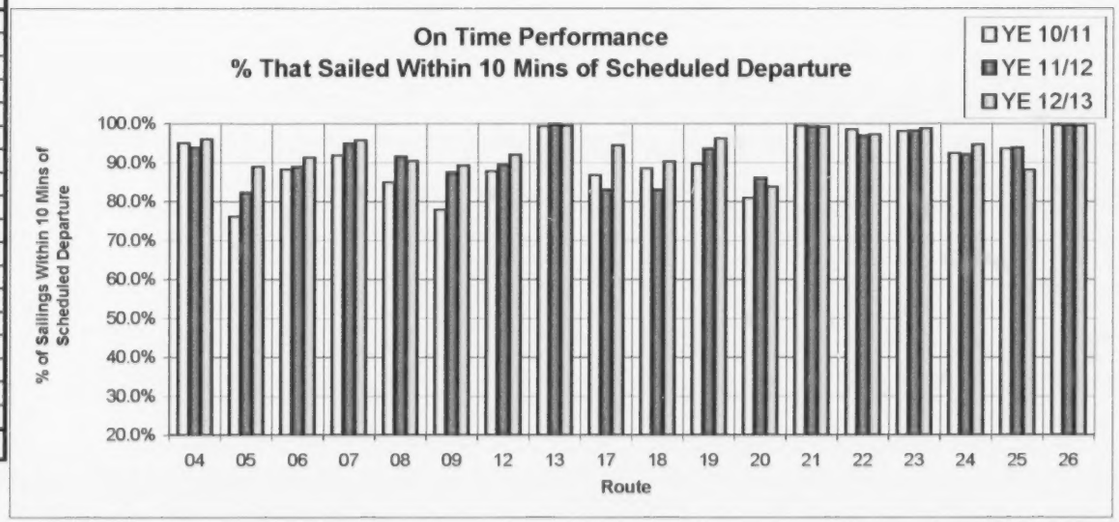




Controllable = Under the control of the company (loading procedure, fuelling, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

Routes	Minor Routes Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 04	Swartz Bay-Fulford Harbour	2,881.0	2,880.0	1.0	5.4%
Route 05	Swartz Bay-Gulf Islands	3,494.0	3,492.0	2.0	2.9%
Route 06	Crofton-Vesuvius Bay	5,036.0	5,047.0	-11.0	2.2%
Route 07	Earls Cove-Saltery Bay	2,871.0	2,877.0	-6.0	0.7%
Route 08	Horseshoe Bay-Bowen Island	5,575.0	5,570.0	5.0	10.2%
Route 09	Tsawwassen-Southern Gulf Islands	829.0	830.0	-1.0	3.1%
Route 12	Mill Bay-Brentwood Bay	3,210.0	3,216.0	-6.0	5.8%
Route 13	Langdale-Keats/Gambier	4,117.0	4,062.0	55.0	Pass only
Route 17	Little River-Powell River	1,424.0	1,458.0	-34.0	0.6%
Route 18	Powell River-Texada	3,649.0	3,648.0	1.0	0.5%
Route 19	Nanaimo Harbour-Gabriola Island	5,728.0	5,731.0	-3.0	5.2%
Route 20	Chemainus-Thetis/Penelakut	4,365.0	4,377.0	-12.0	1.0%
Route 21	Buckley Bay-Denman West	6,458.0	6,148.0	310.0	7.9%
Route 22	Gravelly Bay-Hornby Island	4,753.0	4,481.0	272.0	11.8%
Route 23	Campbell River-Quadra Island	6,245.0	6,252.0	-7.0	6.9%
Route 24	Quadra Island-Cortes Island	2,107.0	2,135.0	-28.0	4.0%
Route 25	Port McNeill-Sointula/Alert Bay	3,956.0	3,960.0	-4.0	2.9%
Route 26	Skidegate-Alliford Bay	4,448.0	4,482.0	-34.0	1.1%
MINOR Routes Total		**71,146.0**	**70,646.0**	**500.0**	**4.7%**

***Note:** Route 13 core service levels include some round trips that are deliverable only 'on demand.'



Route Financial Report

Year Ended March 31, 2013

BCFerries

Explanation Regarding the Route Financial Report: Changeover to International Financial Reporting Standards ("IFRS")

Commencing 2012/13, all of BC Ferries' financial reporting is prepared in accordance with IFRS. Accordingly, the following Route Statements reflect this changeover to IFRS.

The change to IFRS from previous Canadian generally accepted accounting principles ("previous GAAP") has had a significant impact on certain items reflected in our financial statements. To achieve comparability between the 2012/13 and 2011/12 figures, the 2011/12 results have been restated to reflect IFRS. A reconciliation between the 2011/12 Route Statements previously reported (prepared using previous GAAP), and those reflecting IFRS is included as Appendix A to the Route Financial Report.

The following describes the significant differences between IFRS and previous GAAP reflected in the accompanying Route Statements:

- Under IFRS, the costs of regular, periodic major overhauls and inspections of the Company's vessels are included in property, plant & equipment on the statement of financial position and amortized (reflected in amortization expense on our Route Statements) over the period to the next major overhaul and inspection of the vessel. Under previous GAAP, these overhaul and inspection costs were expensed as incurred and reflected in current period operating expenses.

- As a rate-regulated entity and following previous GAAP, BC Ferries capitalized some costs such as feasibility, research and training that directly related to a specific asset and these costs were amortized over the expected service life of these assets. Under IFRS these costs are expensed as incurred and reflected in current period operating expenses.

- As permitted under IFRS, cumulative actuarial losses on certain of the Company's defined benefit employee benefit plans were recognized through opening retained earnings at transition (April 1, 2011). Under previous GAAP these actuarial losses were amortized to expense over the expected remaining service life of the Company's employees. The result of this difference is lower operating expenses under IFRS than under previous GAAP.

- IFRS does not permit, as previous GAAP did, the recognition (on the statement of financial position) of regulatory assets and liabilities. As a result, BC Ferries' operating results under IFRS includes items included in its deferred accounts such as the following:

    - fuel surcharges levied and fuel rebates given are included in tariff revenue;

    - realized fuel hedge gains or losses, if any;

    - fuel expense reflects our total delivered cost of marine diesel fuel

(including all differences between actual fuel prices and those set by the Commissioner);

- interest on deferred fuel cost accounts;
- payments from (or to) the Province made to or from the Company's deferred fuel cost accounts; and
- tariffs collected in excess of price caps.

BCFerries

British Columbia Ferry Services Inc.
Route Statement
For the Twelve Months Ended March 31, 2013
(in 000's)

	Corporate Total		Major Routes		Northern Routes		Minor Routes		Unregulated Routes	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Tariff and Reservation Revenue	484,089	470,770	399,317	386,259	14,742	14,995	70,030	69,516	-	-
Ancillary Revenue (Note 1)	56,301	55,905	49,179	48,950	3,185	3,047	3,937	3,908	-	-
Social Program Fees	28,603	26,608	17,382	16,124	1,041	961	10,180	9,523	-	-
Contracted Routes Fee	2,451	1,764	-	-	-	-	-	-	2,451	1,764
Total Operating Revenue	**571,444**	**555,047**	**465,878**	**451,333**	**18,968**	**19,003**	**84,147**	**82,947**	**2,451**	**1,764**
Total Operating Expenses	**524,897**	**510,536**	**332,401**	**323,012**	**49,104**	**45,498**	**140,941**	**140,262**	**2,451**	**1,764**
Earnings (Loss) from Operations	**46,547**	**44,511**	**133,477**	**128,321**	**(30,136)**	**(26,495)**	**(56,794)**	**(57,315)**	**-**	**-**
Amortization	(135,757)	(138,323)	(84,260)	(87,360)	(17,655)	(17,449)	(33,842)	(33,514)	-	-
Financing Expense	(72,072)	(71,908)	(45,113)	(46,221)	(12,005)	(12,060)	(14,954)	(13,627)	-	-
Cost of Capital	**(207,829)**	**(210,231)**	**(129,373)**	**(133,581)**	**(29,660)**	**(29,509)**	**(48,796)**	**(47,141)**	**-**	**-**
Gain (Loss) on Disposal of Capital Assets	(154)	(333)	(45)	(302)	15	2	(124)	(33)	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(161,436)**	**(166,053)**	**4,059**	**(5,562)**	**(59,781)**	**(56,002)**	**(105,714)**	**(104,489)**	**-**	**-**
Ferry Transportation Fees	148,573	126,587	2,300	3,665	57,415	48,577	88,858	74,345	-	-
Federal-Provincial Subsidy Agreement	28,078	27,487	-	985	7,204	6,800	20,874	19,702	-	-
Net Regulatory Earnings (Loss)	**15,215**	**(11,979)**	**6,359**	**(912)**	**4,838**	**(625)**	**4,018**	**(10,442)**	**-**	**-**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	(11,266)	(19,486)	(7,251)	(13,134)	(1,252)	(1,831)	(2,763)	(4,521)	-	-
Fuel Surcharges Collected	11,469	13,098	9,480	9,768	-	-	1,989	3,330	-	-
Provincial Contributions to Fuel Deferral Accounts	2,473	3,302	1,091	301	1,023	1,799	359	1,202	-	-
Interest (Receivable) Payable on Fuel Deferral Accounts	(4)	39	(7)	(21)	2	18	1	42	-	-
Performance Term Submission Costs Deferred	-	(94)	-	(77)	-	(3)	-	(14)	-	-
Amortization of Deferred Costs	82	4,775	66	3,344	3	568	13	863	-	-
Tariffs in Excess of Price Cap	(2,461)	1,389	(2,461)	1,389	-	-	-	-	-	-
Net IFRS Earnings (Loss)	**15,508**	**(8,956)**	**7,277**	**658**	**4,614**	**(74)**	**3,617**	**(9,540)**	**-**	**-**

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2013, the Province paid fuel surcharges of $0.6 million (March 31, 2012: $0.8 million).

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Major Routes
For the Twelve Months Ended March 31, 2013
(in 000's)

	01-Tsawwassen - Swartz Bay		02-Horseshoe Bay - Nanaimo		03-Horseshoe Bay - Langdale		30-Nanaimo - Tsawwassen		Major Routes	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Tariff and Reservation Revenue	183,116	177,095	108,155	104,617	38,432	37,867	69,614	66,680	399,317	386,259
Ancillary Revenue (Note 1)	24,335	24,465	12,960	12,838	4,928	4,874	6,956	6,773	49,179	48,950
Social Program Fees	5,926	5,482	5,599	5,164	3,552	3,336	2,305	2,142	17,382	16,124
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**213,377**	**207,042**	**126,714**	**122,619**	**46,912**	**46,077**	**78,875**	**75,595**	**465,878**	**451,333**
Total Operating Expenses	**137,006**	**133,376**	**84,739**	**81,274**	**38,086**	**37,541**	**72,570**	**70,821**	**332,401**	**323,012**
Earnings (Loss) from Operations	**76,371**	**73,666**	**41,975**	**41,345**	**8,826**	**8,536**	**6,305**	**4,774**	**133,477**	**128,321**
Amortization	(34,626)	(35,655)	(20,668)	(20,870)	(9,592)	(9,225)	(19,374)	(21,610)	(84,260)	(87,360)
Financing Expense	(19,852)	(19,915)	(9,567)	(9,957)	(3,726)	(3,841)	(11,968)	(12,508)	(45,113)	(46,221)
Cost of Capital	**(54,478)**	**(55,570)**	**(30,235)**	**(30,827)**	**(13,318)**	**(13,066)**	**(31,342)**	**(34,118)**	**(129,373)**	**(133,581)**
Gain (Loss) on Disposal of Capital Assets	(23)	(140)	(15)	(82)	(1)	(32)	(6)	(48)	(45)	(302)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**21,870**	**17,956**	**11,725**	**10,436**	**(4,493)**	**(4,562)**	**(25,043)**	**(29,392)**	**4,059**	**(5,562)**
Ferry Transportation Fees	-	-	-	-	2,300	3,665	-	-	2,300	3,665
Federal-Provincial Subsidy Agreement	-	-	-	-	-	985	-	-	-	985
Net Regulatory Earnings (Loss)	**21,870**	**17,956**	**11,725**	**10,436**	**(2,193)**	**88**	**(25,043)**	**(29,392)**	**6,359**	**(912)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	(2,769)	(5,035)	(1,918)	(3,375)	(695)	(1,099)	(1,869)	(3,625)	(7,251)	(13,134)
Fuel Surcharges Collected	4,480	4,847	2,668	2,855	655	242	1,677	1,824	9,480	9,768
Provincial Contributions to Fuel Deferral Accounts	420	-	285	-	101	301	285	-	1,091	301
Interest (Receivable) Payable on Fuel Deferral Accounts	(6)	(4)	(2)	(10)	-	29	1	(36)	(7)	(21)
Performance Term Submission Costs Deferred	-	(35)	-	(21)	-	(8)	-	(13)	-	(77)
Amortization of Deferred Costs	30	1,696	18	1,015	7	(12)	11	645	66	3,344
Tariffs in Excess of Price Cap	(1,251)	710	(735)	413	-	-	(475)	266	(2,461)	1,389
Net IFRS Earnings (Loss)	**22,774**	**20,135**	**12,041**	**11,313**	**(2,125)**	**(459)**	**(25,413)**	**(30,331)**	**7,277**	**658**

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2013, the Province paid fuel surcharges of $0.6 million (March 31, 2012: $0.8 million).

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Northern Routes
For the Twelve Months Ended March 31, 2013
(in 000's)

	10-Bear Cove - Bella Bella - Prince Rupert		11-Prince Rupert - Skidegate		40-Bear Cove - Central Coast		Northern Routes	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Tariff and Reservation Revenue	8,997	9,434	4,220	4,131	1,525	1,430	14,742	14,995
Ancillary Revenue (Note 1)	2,030	1,998	973	915	182	134	3,185	3,047
Social Program Fees	539	548	482	386	20	27	1,041	961
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	**11,566**	**11,980**	**5,675**	**5,432**	**1,727**	**1,591**	**18,968**	**19,003**
Total Operating Expenses	**26,971**	**24,728**	**16,163**	**16,444**	**5,970**	**4,326**	**49,104**	**45,498**
Earnings (Loss) from Operations	**(15,405)**	**(12,748)**	**(10,488)**	**(11,012)**	**(4,243)**	**(2,735)**	**(30,136)**	**(26,495)**
Amortization	(9,101)	(9,187)	(6,096)	(7,457)	(2,458)	(805)	(17,655)	(17,449)
Financing Expense	(7,028)	(6,988)	(4,312)	(4,817)	(665)	(255)	(12,005)	(12,060)
Cost of Capital	**(16,129)**	**(16,175)**	**(10,408)**	**(12,274)**	**(3,123)**	**(1,060)**	**(29,660)**	**(29,509)**
Gain (Loss) on Disposal of Capital Assets	(1)	-	-	-	16	2	15	2
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(31,535)**	**(28,923)**	**(20,896)**	**(23,286)**	**(7,350)**	**(3,793)**	**(59,781)**	**(56,002)**
Ferry Transportation Fees	28,485	25,039	23,588	20,734	5,342	2,804	57,415	48,577
Federal-Provincial Subsidy Agreement	1,114	1,051	5,804	5,479	286	270	7,204	6,800
Net Regulatory Earnings (Loss)	**(1,936)**	**(2,833)**	**8,496**	**2,927**	**(1,722)**	**(719)**	**4,838**	**(625)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS								
Fuel Costs Deferred	(926)	(1,235)	(282)	(485)	(44)	(111)	(1,252)	(1,831)
Fuel Surcharges Collected	-	-	-	-	-	-	-	-
Provincial Contributions to Fuel Deferral Accounts	766	1,202	196	483	61	114	1,023	1,799
Interest (Receivable) Payable on Fuel Deferral Accounts	2	12	-	5	-	1	2	18
Performance Term Submission Costs Deferred	-	(2)	-	(1)	-	-	-	(3)
Amortization of Deferred Costs	2	356	1	160	-	52	3	568
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-
Net IFRS Earnings (Loss)	**(2,092)**	**(2,500)**	**8,411**	**3,089**	**(1,705)**	**(663)**	**4,614**	**(74)**

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2013, the Province paid fuel surcharges of $0.6 million (March 31, 2012: $0.8 million).

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2013
(in 000's)

	04-Swartz Bay - Fulford Harbour		05-Swartz Bay - Gulf Islands		06-Vesuvius Bay - Crofton		07-Saltery Bay - Earls Cove		08-Horseshoe Bay - Snug Cove		09-Tsawwassen - Gulf Islands		12-Mill Bay - Brentwood	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Tariff and Reservation Revenue	5,828	5,739	4,874	4,832	4,516	4,513	5,645	5,665	8,373	8,338	10,945	10,639	1,536	1,349
Ancillary Revenue (Note 1)	250	268	323	358	32	27	419	415	340	330	1,455	1,439	16	6
Social Program Fees	677	638	930	875	662	608	535	528	1,133	1,011	828	720	171	136
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**6,755**	**6,645**	**6,127**	**6,065**	**5,210**	**5,148**	**6,599**	**6,608**	**9,846**	**9,679**	**13,228**	**12,798**	**1,723**	**1,491**
Total Operating Expenses	**9,136**	**8,957**	**19,569**	**17,074**	**5,448**	**6,397**	**12,551**	**12,075**	**13,216**	**11,614**	**17,917**	**17,294**	**2,253**	**2,360**
Earnings (Loss) from Operations	**(2,381)**	**(2,312)**	**(13,442)**	**(11,009)**	**(238)**	**(1,249)**	**(5,952)**	**(5,467)**	**(3,370)**	**(1,935)**	**(4,689)**	**(4,496)**	**(530)**	**(869)**
Amortization	(1,640)	(1,995)	(2,823)	(2,499)	(1,781)	(1,604)	(3,958)	(3,856)	(2,392)	(2,228)	(4,048)	(4,223)	(607)	(885)
Financing Expense	(1,186)	(1,169)	(1,363)	(1,326)	(376)	(241)	(2,630)	(2,858)	(1,311)	(1,389)	(1,022)	(1,186)	(265)	(116)
Cost of Capital	**(2,826)**	**(3,164)**	**(4,186)**	**(3,825)**	**(2,157)**	**(1,845)**	**(6,588)**	**(6,714)**	**(3,703)**	**(3,617)**	**(5,070)**	**(5,409)**	**(872)**	**(1,001)**
Gain (Loss) on Disposal of Capital Assets	(121)	(3)	-	(1)	-	(2)	(1)	(3)	(1)	(6)	(2)	(8)	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(5,328)**	**(5,479)**	**(17,628)**	**(14,835)**	**(2,395)**	**(3,096)**	**(12,541)**	**(12,184)**	**(7,074)**	**(5,558)**	**(9,761)**	**(9,913)**	**(1,402)**	**(1,870)**
Ferry Transportation Fees	2,620	2,191	16,338	13,670	2,619	2,191	10,839	9,069	5,505	4,605	9,571	8,008	1,303	1,091
Federal-Provincial Subsidy Agreement	1,237	1,168	3,895	3,676	12	11	2,584	2,439	1,313	1,239	2,282	2,154	-	-
Net Regulatory Earnings (Loss)	**(1,471)**	**(2,120)**	**2,605**	**2,511**	**236**	**(894)**	**882**	**(676)**	**(256)**	**286**	**2,092**	**249**	**(99)**	**(779)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS														
Fuel Costs Deferred	(197)	(348)	(529)	(888)	(53)	(101)	(327)	(495)	(302)	(522)	(395)	(580)	(20)	(32)
Fuel Surcharges Collected	157	270	141	228	128	221	156	268	216	379	312	471	49	83
Provincial Contributions to Fuel Deferral Accounts	27	35	68	222	6	35	44	147	40	75	51	130	3	18
Interest (Receivable) Payable on Fuel Deferral Accounts	-	3	1	23	-	(4)	-	8	-	5	-	4	-	(2)
Performance Term Submission Costs Deferred	-	(1)	-	(1)	-	(1)	-	(1)	-	(2)	-	(2)	-	-
Amortization of Deferred Costs	1	70	1	62	1	56	1	68	2	102	2	124	-	16
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net IFRS Earnings (Loss)	**(1,483)**	**(2,091)**	**2,287**	**2,157**	**318**	**(688)**	**756**	**(681)**	**(300)**	**323**	**2,062**	**396**	**(67)**	**(696)**

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2013, the Province paid fuel surcharges of $0.6 million (March 31, 2012: $0.8 million).

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2013
(in 000's)

	13-Langdale - Gambier Island - Keats Island		17-Comox - Powell River		18-Texada Island - Powell River		19-Gabriola Island - Nanaimo Harbour		20-Thetis Island - Penelakut Island - Chemainus		21-Denman Island - Buckley Bay	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Tariff and Reservation Revenue	171	167	9,276	9,552	1,108	1,052	4,869	4,785	1,173	1,160	2,798	2,839
Ancillary Revenue (Note 1)	19	19	765	789	19	14	63	52	25	23	42	36
Social Program Fees	75	72	1,567	1,571	337	321	916	835	359	342	522	452
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**265**	**258**	**11,608**	**11,912**	**1,464**	**1,387**	**5,848**	**5,672**	**1,557**	**1,525**	**3,362**	**3,327**
Total Operating Expenses	**578**	**562**	**15,206**	**18,408**	**5,106**	**6,002**	**6,992**	**7,298**	**4,150**	**4,222**	**5,230**	**4,992**
Earnings (Loss) from Operations	**(313)**	**(304)**	**(3,598)**	**(6,496)**	**(3,642)**	**(4,615)**	**(1,144)**	**(1,626)**	**(2,593)**	**(2,697)**	**(1,868)**	**(1,665)**
Amortization	(7)	(10)	(3,638)	(2,868)	(936)	(1,011)	(2,565)	(3,120)	(1,001)	(1,077)	(1,852)	(1,921)
Financing Expense	0	(20)	(788)	(680)	(300)	(282)	(656)	(658)	(582)	(652)	(895)	(908)
Cost of Capital	**(7)**	**(30)**	**(4,426)**	**(3,548)**	**(1,236)**	**(1,293)**	**(3,221)**	**(3,778)**	**(1,583)**	**(1,729)**	**(2,747)**	**(2,829)**
Gain (Loss) on Disposal of Capital Assets	-	-	(1)	(5)	-	-	-	(3)	-	1	-	(1)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(320)**	**(334)**	**(8,025)**	**(10,049)**	**(4,878)**	**(5,908)**	**(4,365)**	**(5,407)**	**(4,176)**	**(4,425)**	**(4,615)**	**(4,495)**
Ferry Transportation Fees	297	249	7,504	6,278	4,186	3,503	2,775	2,322	4,120	3,446	3,957	3,311
Federal-Provincial Subsidy Agreement	71	67	1,789	1,688	998	942	662	625	982	927	943	890
Net Regulatory Earnings (Loss)	**48**	**(18)**	**1,268**	**(2,083)**	**306**	**(1,463)**	**(928)**	**(2,460)**	**926**	**(52)**	**285**	**(294)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	(23)	(27)	(336)	(563)	(72)	(110)	(100)	(181)	(56)	(94)	(35)	(60)
Fuel Surcharges Collected	6	11	270	470	36	60	136	232	38	64	84	144
Provincial Contributions to Fuel Deferral Accounts	-	-	44	102	8	56	14	38	7	56	5	54
Interest (Receivable) Payable on Fuel Deferral Accounts	-	-	-	3	-	2	-	(2)	-	1	-	(3)
Performance Term Submission Costs Deferred	-	-	-	(2)	-	(1)	-	(1)	-	-	-	(1)
Amortization of Deferred Costs	-	3	2	121	-	15	1	62	-	16	1	36
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-
Net IFRS Earnings (Loss)	**31**	**(31)**	**1,248**	**(1,952)**	**278**	**(1,441)**	**(877)**	**(2,312)**	**915**	**(9)**	**340**	**(124)**

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2013, the Province paid fuel surcharges of $0.6 million (March 31, 2012: $0.8 million).

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2013
(in 000's)

	22-Hornby Island - Denman Island		23-Quadra Island - Campbell River		24-Cortes Island - Quadra Island		25-Alert Bay - Sointula - Port Mcneill		26-Skidegate - Alliford Bay		Minor Routes	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Tariff and Reservation Revenue	1,194	1,195	4,744	4,776	806	788	1,538	1,512	636	615	70,030	69,516
Ancillary Revenue (Note 1)	40	15	53	48	8	6	42	39	26	24	3,937	3,908
Social Program Fees	108	158	876	819	181	158	246	220	57	59	10,180	9,523
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**1,342**	**1,368**	**5,673**	**5,643**	**995**	**952**	**1,826**	**1,771**	**719**	**698**	**84,147**	**82,947**
Total Operating Expenses	**3,297**	**2,838**	**7,774**	**7,689**	**3,555**	**4,115**	**5,074**	**4,704**	**3,889**	**3,661**	**140,941**	**140,262**
Earnings (Loss) from Operations	**(1,955)**	**(1,470)**	**(2,101)**	**(2,046)**	**(2,560)**	**(3,163)**	**(3,248)**	**(2,933)**	**(3,170)**	**(2,963)**	**(56,794)**	**(57,315)**
Amortization	(1,172)	(724)	(2,064)	(2,232)	(668)	(688)	(1,716)	(1,590)	(974)	(983)	(33,842)	(33,514)
Financing Expense	(998)	(423)	(863)	(898)	(155)	(140)	(894)	57	(670)	(738)	(14,954)	(13,627)
Cost of Capital	**(2,170)**	**(1,147)**	**(2,927)**	**(3,130)**	**(823)**	**(828)**	**(2,610)**	**(1,533)**	**(1,644)**	**(1,721)**	**(48,796)**	**(47,141)**
Gain (Loss) on Disposal of Capital Assets	2	-	-	(3)	-	-	-	-	-	1	(124)	(33)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(4,123)**	**(2,617)**	**(5,028)**	**(5,179)**	**(3,383)**	**(3,991)**	**(5,858)**	**(4,466)**	**(4,814)**	**(4,683)**	**(105,714)**	**(104,489)**
Ferry Transportation Fees	3,310	2,769	2,948	2,467	2,608	2,182	4,237	3,545	4,121	3,448	88,858	74,345
Federal-Provincial Subsidy Agreement	789	744	703	664	621	587	1,010	954	983	927	20,874	19,702
Net Regulatory Earnings (Loss)	**(24)**	**896**	**(1,377)**	**(2,048)**	**(154)**	**(1,222)**	**(611)**	**33**	**290**	**(308)**	**4,018**	**(10,442)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	(29)	(34)	(107)	(187)	(54)	(87)	(100)	(164)	(28)	(48)	(2,763)	(4,521)
Fuel Surcharges Collected	36	58	139	233	24	40	43	70	18	28	1,989	3,330
Provincial Contributions to Fuel Deferral Accounts	2	45	15	40	8	35	13	58	4	56	359	1,202
Interest (Receivable) Payable on Fuel Deferral Accounts	-	(1)	-	(1)	-	2	-	3	-	1	1	42
Performance Term Submission Costs Deferred	-	-	-	(1)	-	-	-	-	-	-	-	(14)
Amortization of Deferred Costs	-	15	1	61	-	10	-	19	-	7	13	863
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-
Net IFRS Earnings (Loss)	**(15)**	**979**	**(1,329)**	**(1,903)**	**(176)**	**(1,222)**	**(655)**	**19**	**284**	**(264)**	**3,617**	**(9,540)**

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2013, the Province paid fuel surcharges of $0.6 million (March 31, 2012: $0.8 million).

Route Financial Report

Year Ended March 31, 2013

Appendix A

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP and IFRS
For the Twelve Months Ended March 31, 2012
(in 000's)

	Corporate Total			Major Routes			Northern Routes			Minor Routes			Unregulated Routes		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	470,770	-	470,770	386,259	-	386,259	14,995	-	14,995	69,516	-	69,516	-	-	-
Ancillary Revenue	55,905	-	55,905	48,950	-	48,950	3,047	-	3,047	3,908	-	3,908	-	-	-
Social Program Fees	26,608	-	26,608	16,124	-	16,124	961	-	961	9,523	-	9,523	-	-	-
Contracted Routes Fee	1,764	-	1,764	-	-	-	-	-	-	-	-	-	1,764	-	1,764
Total Operating Revenue	**555,047**	**-**	**555,047**	**451,333**	**-**	**451,333**	**19,003**	**-**	**19,003**	**82,947**	**-**	**82,947**	**1,764**	**-**	**1,764**
Total Operating Expenses	**530,389**	**(19,853)**	**510,536**	**331,767**	**(8,755)**	**323,012**	**47,438**	**(1,940)**	**45,498**	**149,420**	**(9,158)**	**140,262**	**1,764**	**-**	**1,764**
Earnings (Loss) from Operations	**24,658**	**19,853**	**44,511**	**119,566**	**8,755**	**128,321**	**(28,435)**	**1,940**	**(26,495)**	**(66,473)**	**9,158**	**(57,315)**	**-**	**-**	**-**
Amortization	(122,973)	(15,350)	(138,323)	(79,364)	(7,996)	(87,360)	(16,108)	(1,341)	(17,449)	(27,501)	(6,013)	(33,514)	-	-	-
Financing Expense	(71,902)	(6)	(71,908)	(46,216)	(5)	(46,221)	(12,059)	(1)	(12,060)	(13,627)	-	(13,627)	-	-	-
Cost of Capital	**(194,875)**	**(15,356)**	**(210,231)**	**(125,580)**	**(8,001)**	**(133,581)**	**(28,167)**	**(1,342)**	**(29,509)**	**(41,128)**	**(6,013)**	**(47,141)**	**-**	**-**	**-**
Gain (Loss) on Disposal of Capital Assets	(331)	(2)	(333)	(302)	-	(302)	4	(2)	2	(33)	-	(33)	-	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(170,548)**	**4,495**	**(166,053)**	**(6,316)**	**754**	**(5,562)**	**(56,598)**	**596**	**(56,002)**	**(107,634)**	**3,145**	**(104,489)**	**-**	**-**	**-**
Ferry Transportation Fees	126,587	-	126,587	3,665	-	3,665	48,577	-	48,577	74,345	-	74,345	-	-	-
Federal-Provincial Subsidy Agreement	27,487	-	27,487	985	-	985	6,800	-	6,800	19,702	-	19,702	-	-	-
Net Regulatory Earnings (Loss)	**(16,474)**	**4,495**	**(11,979)**	**(1,666)**	**754**	**(912)**	**(1,221)**	**596**	**(625)**	**(13,587)**	**3,145**	**(10,442)**	**-**	**-**	**-**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS															
Fuel Costs Deferred	-	(19,486)	(19,486)	-	(13,134)	(13,134)	-	(1,831)	(1,831)	-	(4,521)	(4,521)	-	-	-
Fuel Surcharges Collected	-	13,098	13,098	-	9,768	9,768	-	-	-	-	3,330	3,330	-	-	-
Provincial Contributions to Fuel Deferral Accounts	-	3,302	3,302	-	301	301	-	1,799	1,799	-	1,202	1,202	-	-	-
Interest (Receivable) Payable on Fuel Deferral Accounts	-	39	39	-	(21)	(21)	-	18	18	-	42	42	-	-	-
Performance Term Submission Costs Deferred	-	(94)	(94)	-	(77)	(77)	-	(3)	(3)	-	(14)	(14)	-	-	-
Amortization of Deferred Costs	-	4,775	4,775	-	3,344	3,344	-	568	568	-	863	863	-	-	-
Tariffs in Excess of Price Cap	-	1,389	1,389	-	1,389	1,389	-	-	-	-	-	-	-	-	-
						-			-			-			-
Net IFRS Earnings (Loss)	**(16,474)**	**7,518**	**(8,956)**	**(1,666)**	**2,324**	**658**	**(1,221)**	**1,147**	**(74)**	**(13,587)**	**4,047**	**(9,540)**	**-**	**-**	**-**

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP and IFRS
Major Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	01-Tsawwassen - Swartz Bay			02-Horseshoe Bay - Nanaimo			03-Horseshoe Bay - Langdale			30-Nanaimo - Tsawwassen			Major Routes		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	177,095	-	177,095	104,617	-	104,617	37,867	-	37,867	66,680	-	66,680	386,259	-	386,259
Ancillary Revenue	24,465	-	24,465	12,838	-	12,838	4,874	-	4,874	6,773	-	6,773	48,950	-	48,950
Social Program Fees	5,482	-	5,482	5,164	-	5,164	3,336	-	3,336	2,142	-	2,142	16,124	-	16,124
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**207,042**	**-**	**207,042**	**122,619**	**-**	**122,619**	**46,077**	**-**	**46,077**	**75,595**	**-**	**75,595**	**451,333**	**-**	**451,333**
Total Operating Expenses	**135,270**	**(1,894)**	**133,376**	**82,799**	**(1,525)**	**81,274**	**40,691**	**(3,150)**	**37,541**	**73,007**	**(2,186)**	**70,821**	**331,767**	**(8,755)**	**323,012**
Earnings (Loss) from Operations	**71,772**	**1,894**	**73,666**	**39,820**	**1,525**	**41,345**	**5,386**	**3,150**	**8,536**	**2,588**	**2,186**	**4,774**	**119,566**	**8,755**	**128,321**
Amortization	(33,228)	(2,427)	(35,655)	(18,559)	(2,311)	(20,870)	(7,685)	(1,540)	(9,225)	(19,892)	(1,718)	(21,610)	(79,364)	(7,996)	(87,360)
Financing Expense	(19,913)	(2)	(19,915)	(9,956)	(1)	(9,957)	(3,840)	(1)	(3,841)	(12,507)	(1)	(12,508)	(46,216)	(5)	(46,221)
Cost of Capital	**(53,141)**	**(2,429)**	**(55,570)**	**(28,515)**	**(2,312)**	**(30,827)**	**(11,525)**	**(1,541)**	**(13,066)**	**(32,399)**	**(1,719)**	**(34,118)**	**(125,580)**	**(8,001)**	**(133,581)**
Gain (Loss) on Disposal of Capital Assets	(140)	-	(140)	(82)	-	(82)	(32)	-	(32)	(48)	-	(48)	(302)	-	(302)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**18,491**	**(535)**	**17,956**	**11,223**	**(787)**	**10,436**	**(6,171)**	**1,609**	**(4,562)**	**(29,859)**	**467**	**(29,392)**	**(6,316)**	**754**	**(5,562)**
Ferry Transportation Fees	-	-	-	-	-	-	3,665	-	3,665	-	-	-	3,665	-	3,665
Federal-Provincial Subsidy Agreement	-	-	-	-	-	-	985	-	985	-	-	-	985	-	985
Net Regulatory Earnings (Loss)	**18,491**	**(535)**	**17,956**	**11,223**	**(787)**	**10,436**	**(1,521)**	**1,609**	**88**	**(29,859)**	**467**	**(29,392)**	**(1,666)**	**754**	**(912)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS															
Fuel Costs Deferred	-	(5,035)	(5,035)	-	(3,375)	(3,375)	-	(1,099)	(1,099)	-	(3,625)	(3,625)	-	(13,134)	(13,134)
Fuel Surcharges Collected	-	4,847	4,847	-	2,855	2,855	-	242	242	-	1,824	1,824	-	9,768	9,768
Provincial Contributions to Fuel Deferral Accounts	-	-	-	-	-	-	-	301	301	-	-	-	-	301	301
Interest (Receivable) Payable on Fuel Deferral Accounts	-	(4)	(4)	-	(10)	(10)	-	29	29	-	(36)	(36)	-	(21)	(21)
Performance Term Submission Costs Deferred	-	(35)	(35)	-	(21)	(21)	-	(8)	(8)	-	(13)	(13)	-	(77)	(77)
Amortization of Deferred Costs	-	1,696	1,696	-	1,015	1,015	-	(12)	(12)	-	645	645	-	3,344	3,344
Tariffs in Excess of Price Cap	-	710	710	-	413	413	-	-	-	-	266	266	-	1,389	1,389
			-			-			-			-			
Net IFRS Earnings (Loss)	**18,491**	**1,644**	**20,135**	**11,223**	**90**	**11,313**	**(1,521)**	**1,062**	**(459)**	**(29,859)**	**(472)**	**(30,331)**	**(1,666)**	**2,324**	**658**

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP and IFRS
Northern Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	10-Bear Cove - Bella Bella - Prince Rupert			11-Prince Rupert - Skidegate			40-Bear Cove - Central Coast			Northern Routes		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	9,434	-	9,434	4,131	-	4,131	1,430	-	1,430	14,995	-	14,995
Ancillary Revenue	1,998	-	1,998	915	-	915	134	-	134	3,047	-	3,047
Social Program Fees	548	-	548	386	-	386	27	-	27	961	-	961
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**11,980**	**-**	**11,980**	**5,432**	**-**	**5,432**	**1,591**	**-**	**1,591**	**19,003**	**-**	**19,003**
Total Operating Expenses	**25,221**	**(493)**	**24,728**	**17,892**	**(1,448)**	**16,444**	**4,325**	**1**	**4,326**	**47,438**	**(1,940)**	**45,498**
Earnings (Loss) from Operations	**(13,241)**	**493**	**(12,748)**	**(12,460)**	**1,448**	**(11,012)**	**(2,734)**	**(1)**	**(2,735)**	**(28,435)**	**1,940**	**(26,495)**
Amortization	(8,378)	(809)	(9,187)	(6,928)	(529)	(7,457)	(802)	(3)	(805)	(16,108)	(1,341)	(17,449)
Financing Expense	(6,988)	-	(6,988)	(4,816)	(1)	(4,817)	(255)	-	(255)	(12,059)	(1)	(12,060)
Cost of Capital	**(15,366)**	**(809)**	**(16,175)**	**(11,744)**	**(530)**	**(12,274)**	**(1,057)**	**(3)**	**(1,060)**	**(28,167)**	**(1,342)**	**(29,509)**
Gain (Loss) on Disposal of Capital Assets	1	(1)	-	1	(1)	-	2	-	2	4	(2)	2
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(28,606)**	**(317)**	**(28,923)**	**(24,203)**	**917**	**(23,286)**	**(3,789)**	**(4)**	**(3,793)**	**(56,598)**	**596**	**(56,002)**
Ferry Transportation Fees	25,039	-	25,039	20,734	-	20,734	2,804	-	2,804	48,577	-	48,577
Federal-Provincial Subsidy Agreement	1,051	-	1,051	5,479	-	5,479	270	-	270	6,800	-	6,800
Net Regulatory Earnings (Loss)	**(2,516)**	**(317)**	**(2,833)**	**2,010**	**917**	**2,927**	**(715)**	**(4)**	**(719)**	**(1,221)**	**596**	**(625)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	-	(1,235)	(1,235)	-	(485)	(485)	-	(111)	(111)	-	(1,831)	(1,831)
Fuel Surcharges Collected	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Contributions to Fuel Deferral Accounts	-	1,202	1,202	-	483	483	-	114	114	-	1,799	1,799
Interest (Receivable) Payable on Fuel Deferral Accounts	-	12	12	-	5	5	-	1	1	-	18	18
Performance Term Submission Costs Deferred	-	(2)	(2)	-	(1)	(1)	-	-	-	-	(3)	(3)
Amortization of Deferred Costs	-	356	356	-	160	160	-	52	52	-	568	568
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-
			-			-			-			
Net IFRS Earnings (Loss)	**(2,516)**	**16**	**(2,500)**	**2,010**	**1,079**	**3,089**	**(715)**	**52**	**(663)**	**(1,221)**	**1,147**	**(74)**

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP and IFRS
Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	04-Swartz Bay - Fulford Harbour			05-Swartz Bay - Gulf Islands			06-Vesuvius Bay - Crofton			07-Saltery Bay - Earls Cove		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	5,739	-	5,739	4,832	-	4,832	4,513	-	4,513	5,665	-	5,665
Ancillary Revenue	268	-	268	358	-	358	27	-	27	415	-	415
Social Program Fees	638	-	638	875	-	875	608	-	608	528	-	528
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**6,645**	**-**	**6,645**	**6,065**	**-**	**6,065**	**5,148**	**-**	**5,148**	**6,608**	**-**	**6,608**
Total Operating Expenses	**8,958**	**(1)**	**8,957**	**17,126**	**(52)**	**17,074**	**9,015**	**(2,618)**	**6,397**	**12,303**	**(228)**	**12,075**
Earnings (Loss) from Operations	**(2,313)**	**1**	**(2,312)**	**(11,061)**	**52**	**(11,009)**	**(3,867)**	**2,618**	**(1,249)**	**(5,695)**	**228**	**(5,467)**
Amortization	(1,881)	(114)	(1,995)	(2,259)	(240)	(2,499)	(873)	(731)	(1,604)	(3,171)	(685)	(3,856)
Financing Expense	(1,169)	-	(1,169)	(1,326)	-	(1,326)	(241)	-	(241)	(2,858)	-	(2,858)
Cost of Capital	**(3,050)**	**(114)**	**(3,164)**	**(3,585)**	**(240)**	**(3,825)**	**(1,114)**	**(731)**	**(1,845)**	**(6,029)**	**(685)**	**(6,714)**
Gain (Loss) on Disposal of Capital Assets	(3)	-	(3)	(1)	-	(1)	(2)	-	(2)	(3)	-	(3)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(5,366)**	**(113)**	**(5,479)**	**(14,647)**	**(188)**	**(14,835)**	**(4,983)**	**1,887**	**(3,096)**	**(11,727)**	**(457)**	**(12,184)**
Ferry Transportation Fees	2,191	-	2,191	13,670	-	13,670	2,191	-	2,191	9,069	-	9,069
Federal-Provincial Subsidy Agreement	1,168	-	1,168	3,676	-	3,676	11	-	11	2,439	-	2,439
Net Regulatory Earnings (Loss)	**(2,007)**	**(113)**	**(2,120)**	**2,699**	**(188)**	**2,511**	**(2,781)**	**1,887**	**(894)**	**(219)**	**(457)**	**(676)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	-	(348)	(348)	-	(888)	(888)	-	(101)	(101)	-	(495)	(495)
Fuel Surcharges Collected	-	270	270	-	228	228	-	221	221	-	268	268
Provincial Contributions to Fuel Deferral Accounts	-	35	35	-	222	222	-	35	35	-	147	147
Interest (Receivable) Payable on Fuel Deferral Accounts	-	3	3	-	23	23	-	(4)	(4)	-	8	8
Performance Term Submission Costs Deferred	-	(1)	(1)	-	(1)	(1)	-	(1)	(1)	-	(1)	(1)
Amortization of Deferred Costs	-	70	70	-	62	62	-	56	56	-	68	68
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-
			-			-			-			-
Net IFRS Earnings (Loss)	**(2,007)**	**(84)**	**(2,091)**	**2,699**	**(542)**	**2,157**	**(2,781)**	**2,093**	**(688)**	**(219)**	**(462)**	**(681)**

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP ar
Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	08-Horseshoe Bay - Snug Cove			09-Tsawwassen - Gulf Islands			12-Mill Bay - Brentwood			13-Langdale - Gambier Island - Keats Island		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	8,338	-	8,338	10,639	-	10,639	1,349	-	1,349	167	-	167
Ancillary Revenue	330	-	330	1,439	-	1,439	6	-	6	19	-	19
Social Program Fees	1,011	-	1,011	720	-	720	136	-	136	72	-	72
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**9,679**	**-**	**9,679**	**12,798**	**-**	**12,798**	**1,491**	**-**	**1,491**	**258**	**-**	**258**
Total Operating Expenses	**11,604**	**10**	**11,614**	**17,407**	**(113)**	**17,294**	**2,797**	**(437)**	**2,360**	**562**	**-**	**562**
Earnings (Loss) from Operations	**(1,925)**	**(10)**	**(1,935)**	**(4,609)**	**113**	**(4,496)**	**(1,306)**	**437**	**(869)**	**(304)**	**-**	**(304)**
Amortization	(2,091)	(137)	(2,228)	(3,889)	(334)	(4,223)	(716)	(169)	(885)	(10)	-	(10)
Financing Expense	(1,389)	-	(1,389)	(1,186)	-	(1,186)	(116)	-	(116)	(20)	-	(20)
Cost of Capital	**(3,480)**	**(137)**	**(3,617)**	**(5,075)**	**(334)**	**(5,409)**	**(832)**	**(169)**	**(1,001)**	**(30)**	**-**	**(30)**
Gain (Loss) on Disposal of Capital Assets	(6)	-	(6)	(8)	-	(8)	-	-	-	-	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(5,411)**	**(147)**	**(5,558)**	**(9,692)**	**(221)**	**(9,913)**	**(2,138)**	**268**	**(1,870)**	**(334)**	**-**	**(334)**
Ferry Transportation Fees	4,605	-	4,605	8,008	-	8,008	1,091	-	1,091	249	-	249
Federal-Provincial Subsidy Agreement	1,239	-	1,239	2,154	-	2,154	-	-	-	67	-	67
Net Regulatory Earnings (Loss)	**433**	**(147)**	**286**	**470**	**(221)**	**249**	**(1,047)**	**268**	**(779)**	**(18)**	**-**	**(18)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	-	(522)	(522)	-	(580)	(580)	-	(32)	(32)	-	(27)	(27)
Fuel Surcharges Collected	-	379	379	-	471	471	-	83	83	-	11	11
Provincial Contributions to Fuel Deferral Accounts	-	75	75	-	130	130	-	18	18	-	-	-
Interest (Receivable) Payable on Fuel Deferral Accounts	-	5	5	-	4	4	-	(2)	(2)	-	-	-
Performance Term Submission Costs Deferred	-	(2)	(2)	-	(2)	(2)	-	-	-	-	-	-
Amortization of Deferred Costs	-	102	102	-	124	124	-	16	16	-	3	3
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-
Net IFRS Earnings (Loss)	**433**	**(110)**	**323**	**470**	**(74)**	**396**	**(1,047)**	**351**	**(696)**	**(18)**	**(13)**	**(31)**

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP ar
Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	17-Comox - Powell River			18-Texada Island - Powell River			19-Gabriola Island - Nanaimo Harbour			20-Thetis Island - Penelakut Island - Chemainus		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	9,552	-	9,552	1,052	-	1,052	4,785	-	4,785	1,160	-	1,160
Ancillary Revenue	789	-	789	14	-	14	52	-	52	23	-	23
Social Program Fees	1,571	-	1,571	321	-	321	835	-	835	342	-	342
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**11,912**	**-**	**11,912**	**1,387**	**-**	**1,387**	**5,672**	**-**	**5,672**	**1,525**	**-**	**1,525**
Total Operating Expenses	**20,523**	**(2,115)**	**18,408**	**7,539**	**(1,537)**	**6,002**	**7,425**	**(127)**	**7,298**	**4,220**	**2**	**4,222**
Earnings (Loss) from Operations	**(8,611)**	**2,115**	**(6,496)**	**(6,152)**	**1,537**	**(4,615)**	**(1,753)**	**127**	**(1,626)**	**(2,695)**	**(2)**	**(2,697)**
Amortization	(2,422)	(446)	(2,868)	(611)	(400)	(1,011)	(2,174)	(946)	(3,120)	(830)	(247)	(1,077)
Financing Expense	(680)	-	(680)	(282)	-	(282)	(658)	-	(658)	(652)	-	(652)
Cost of Capital	**(3,102)**	**(446)**	**(3,548)**	**(893)**	**(400)**	**(1,293)**	**(2,832)**	**(946)**	**(3,778)**	**(1,482)**	**(247)**	**(1,729)**
Gain (Loss) on Disposal of Capital Assets	(5)	-	(5)	-	-	-	(3)	-	(3)	1	-	1
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(11,718)**	**1,669**	**(10,049)**	**(7,045)**	**1,137**	**(5,908)**	**(4,588)**	**(819)**	**(5,407)**	**(4,176)**	**(249)**	**(4,425)**
Ferry Transportation Fees	6,278	-	6,278	3,503	-	3,503	2,322	-	2,322	3,446	-	3,446
Federal-Provincial Subsidy Agreement	1,688	-	1,688	942	-	942	625	-	625	927	-	927
Net Regulatory Earnings (Loss)	**(3,752)**	**1,669**	**(2,083)**	**(2,600)**	**1,137**	**(1,463)**	**(1,641)**	**(819)**	**(2,460)**	**197**	**(249)**	**(52)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	-	(563)	(563)	-	(110)	(110)	-	(181)	(181)	-	(94)	(94)
Fuel Surcharges Collected	-	470	470	-	60	60	-	232	232	-	64	64
Provincial Contributions to Fuel Deferral Accounts	-	102	102	-	56	56	-	38	38	-	56	56
Interest (Receivable) Payable on Fuel Deferral Accounts	-	3	3	-	2	2	-	(2)	(2)	-	1	1
Performance Term Submission Costs Deferred	-	(2)	(2)	-	(1)	(1)	-	(1)	(1)	-	-	-
Amortization of Deferred Costs	-	121	121	-	15	15	-	62	62	-	16	16
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-
			-			-			-			-
Net IFRS Earnings (Loss)	**(3,752)**	**1,800**	**(1,952)**	**(2,600)**	**1,159**	**(1,441)**	**(1,641)**	**(671)**	**(2,312)**	**197**	**(206)**	**(9)**

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP ar
Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	21-Denman Island - Buckley Bay			22-Hornby Island - Denman Island			23-Quadra Island - Campbell River			24-Cortes Island - Quadra Island		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	2,839	-	2,839	1,195	-	1,195	4,776	-	4,776	788	-	788
Ancillary Revenue	36	-	36	15	-	15	48	-	48	6	-	6
Social Program Fees	452	-	452	158	-	158	819	-	819	158	-	158
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**3,327**	**-**	**3,327**	**1,368**	**-**	**1,368**	**5,643**	**-**	**5,643**	**952**	**-**	**952**
Total Operating Expenses	**4,989**	**3**	**4,992**	**2,886**	**(48)**	**2,838**	**8,414**	**(725)**	**7,689**	**5,290**	**(1,175)**	**4,115**
Earnings (Loss) from Operations	**(1,662)**	**(3)**	**(1,665)**	**(1,518)**	**48**	**(1,470)**	**(2,771)**	**725**	**(2,046)**	**(4,338)**	**1,175**	**(3,163)**
Amortization	(1,608)	(313)	(1,921)	(510)	(214)	(724)	(1,943)	(289)	(2,232)	(366)	(322)	(688)
Financing Expense	(908)	-	(908)	(423)	-	(423)	(898)	-	(898)	(140)	-	(140)
Cost of Capital	**(2,516)**	**(313)**	**(2,829)**	**(933)**	**(214)**	**(1,147)**	**(2,841)**	**(289)**	**(3,130)**	**(506)**	**(322)**	**(828)**
Gain (Loss) on Disposal of Capital Assets	(1)	-	(1)	-	-	-	(3)	-	(3)	-	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(4,179)**	**(316)**	**(4,495)**	**(2,451)**	**(166)**	**(2,617)**	**(5,615)**	**436**	**(5,179)**	**(4,844)**	**853**	**(3,991)**
Ferry Transportation Fees	3,311	-	3,311	2,769	-	2,769	2,467	-	2,467	2,182	-	2,182
Federal-Provincial Subsidy Agreement	890	-	890	744	-	744	664	-	664	587	-	587
Net Regulatory Earnings (Loss)	**22**	**(316)**	**(294)**	**1,062**	**(166)**	**896**	**(2,484)**	**436**	**(2,048)**	**(2,075)**	**853**	**(1,222)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	-	(60)	(60)	-	(34)	(34)	-	(187)	(187)	-	(87)	(87)
Fuel Surcharges Collected	-	144	144	-	58	58	-	233	233	-	40	40
Provincial Contributions to Fuel Deferral Accounts	-	54	54	-	45	45	-	40	40	-	35	35
Interest (Receivable) Payable on Fuel Deferral Accounts	-	(3)	(3)	-	(1)	(1)	-	(1)	(1)	-	2	2
Performance Term Submission Costs Deferred	-	(1)	(1)	-	-	-	-	(1)	(1)	-	-	-
Amortization of Deferred Costs	-	36	36	-	15	15	-	61	61	-	10	10
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-	-	-	-
			-			-			-			
Net IFRS Earnings (Loss)	**22**	**(146)**	**(124)**	**1,062**	**(83)**	**979**	**(2,484)**	**581**	**(1,903)**	**(2,075)**	**853**	**(1,222)**

BCFerries

British Columbia Ferry Services Inc.
Route Statement
Appendix A - Reconciliation Between Previous GAAP ar
Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	25-Alert Bay - Sointula - Port Mcneill			26-Skidegate - Alliford Bay			Minor Routes		
	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS	Previous GAAP	Adjust-ments	IFRS
Tariff and Reservation Revenue	1,512	-	1,512	615	-	615	69,516	-	69,516
Ancillary Revenue	39	-	39	24	-	24	3,908	-	3,908
Social Program Fees	220	-	220	59	-	59	9,523	-	9,523
Contracted Routes Fee	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**1,771**	**-**	**1,771**	**698**	**-**	**698**	**82,947**	**-**	**82,947**
Total Operating Expenses	**4,702**	**2**	**4,704**	**3,660**	**1**	**3,661**	**149,420**	**(9,158)**	**140,262**
Earnings (Loss) from Operations	**(2,931)**	**(2)**	**(2,933)**	**(2,962)**	**(1)**	**(2,963)**	**(66,473)**	**9,158**	**(57,315)**
Amortization	(1,304)	(286)	(1,590)	(843)	(140)	(983)	(27,501)	(6,013)	(33,514)
Financing Expense	57	-	57	(738)	-	(738)	(13,627)	-	(13,627)
Cost of Capital	**(1,247)**	**(286)**	**(1,533)**	**(1,581)**	**(140)**	**(1,721)**	**(41,128)**	**(6,013)**	**(47,141)**
Gain (Loss) on Disposal of Capital Assets	-	-	-	1	-	1	(33)	-	(33)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	**(4,178)**	**(288)**	**(4,466)**	**(4,542)**	**(141)**	**(4,683)**	**(107,634)**	**3,145**	**(104,489)**
Ferry Transportation Fees	3,545	-	3,545	3,448	-	3,448	74,345	-	74,345
Federal-Provincial Subsidy Agreement	954	-	954	927	-	927	19,702	-	19,702
Net Regulatory Earnings (Loss)	**321**	**(288)**	**33**	**(167)**	**(141)**	**(308)**	**(13,587)**	**3,145**	**(10,442)**
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS									
Fuel Costs Deferred	-	(164)	(164)	-	(48)	(48)	-	(4,521)	(4,521)
Fuel Surcharges Collected	-	70	70	-	28	28	-	3,330	3,330
Provincial Contributions to Fuel Deferral Accounts	-	58	58	-	56	56	-	1,202	1,202
Interest (Receivable) Payable on Fuel Deferral Accounts	-	3	3	-	1	1	-	42	42
Performance Term Submission Costs Deferred	-	-	-	-	-	-	-	(14)	(14)
Amortization of Deferred Costs	-	19	19	-	7	7	-	863	863
Tariffs in Excess of Price Cap	-	-	-	-	-	-	-	-	-
			-			-			
Net IFRS Earnings (Loss)	**321**	**(302)**	**19**	**(167)**	**(97)**	**(264)**	**(13,587)**	**4,047**	**(9,540)**

Part 2

Service Quality

BCFerries

Customer Satisfaction Tracking
Annual Report

2012

BCFerries

Customer Satisfaction Tracking Annual Report 2012

British Columbia Ferry Services Inc.

Presented to:

British Columbia Ferry Services Inc.
Victoria, British Columbia

402 – 1505 West Second Avenue Vancouver BC V6H 3Y4
general@mustelgroup.com www.mustelgroup.com Tel 604.733.4213 Fax 604.733.5221

Contents

Executive Overview 1
- **Background** 1
- **Methodology** 1
- **Findings** 2
- **Key Conclusions** 4

Detailed Findings 5
- **Overall Satisfaction with BC Ferries** 6
- **Before Arriving at Terminal** 9
  - Web site and Phone Contact 9
  - Highway Signage 10
- **At the Terminal** 11
  - Overall Experience at the Terminal 11
  - Ticket Purchase 12
  - Food/Beverage Services at Terminal 13
  - Retail Services at Terminal 14
  - Foot Passenger Services 15
  - Other Terminal Services 16
- **Onboard Experience** 17
  - Overall Onboard Experience 17
  - Onboard Gift Shop/News Stand 18
  - Onboard Food Services 19
  - Onboard Washrooms and Onboard Seating 20
  - Other Onboard Facilities/Services 21
- **Sailing Schedules** 23
  - Various Aspects of Sailing Schedules 23
  - Departing on Time 24
- **Safety** 25
- **Overall Value** 26

Appendices 27
- **Route-by-Route Satisfaction Score for Each Attribute** 27
- **Research Methodology** 32

Executive Overview

Background

British Columbia Ferry Services Inc. (BC Ferries), conducts a Customer Satisfaction Tracking (CST) study each year. The CST study is designed to monitor customer satisfaction with various aspects of service on BC Ferries in order to determine areas that passengers believe are performing well and areas that require improvement. This study is part of a regular program of ongoing research conducted each year by BC Ferries.

The following report provides annual customer satisfaction results for the following:

- Overall ferry service
- Service prior to arriving at the terminal
- Service at the ferry terminal
- Service onboard the ferry
- Service pertaining to loading/unloading
- Overall safety of operations, and
- Value for money of fares paid

For each of the more than sixty attributes, the scores for the last four years are shown on the graphs, to allow for easy comparison.

In addition to graphs showing the overall scores, the Appendix in this report includes detailed tables by route showing satisfaction scores for each of the service attributes for 2012. The Appendix also includes detailed satisfaction scores for each of the terminal-related attributes, shown separately for each of the main terminals.

Methodology

The research involves a two-phased approach. First a random sample of passengers are intercepted onboard to collect key data including frequency of travel on BC Ferries, purpose of trip, area of residence, origin/destination, and standard demographic questions. Immediately following this screener, passengers are given a longer follow-up survey to complete *after* they disembark and leave the terminal area.

Interviews are distributed across nine routes in total, both larger and smaller, during three different time periods: June, August and November. In 2012, a total of 11,219 screeners were completed and 5,018 questionnaires returned. A more detailed explanation of the research design is included in the *Research Methodology* section, in the Appendix of this report.

Findings

Customers were asked to rate their satisfaction with over sixty different aspects of the services they received from BC Ferries on a scale from 1 to 5 where 1 means 'very dissatisfied' and 5 means 'very satisfied'.

Satisfaction with BC Ferries Overall

- A total of 88% of passengers in 2012 reported to be satisfied overall with their experience travelling on BC Ferries. An overall score of 4.19 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'). The findings are identical to those obtained in 2011.
- Furthermore, the overall satisfaction scores have been stable by route except levels have strengthened on Route 19 (4.11 average score, up from 3.88 in 2011 and 3.79 in 2010).

Satisfaction before Arriving at Terminal

- Satisfaction levels have stabilized with BC Ferries web site, the on-line reservation's system, and with aspects of the phone service.

Satisfaction at the Terminal

- Overall satisfaction with the experience at the terminal before boarding is consistent with a year ago, with 85% satisfied and no significant change in the average score of 4.07. Satisfaction ratings also have not changed by terminal.
- Furthermore, ratings in 2012 have remained stable with respect to all attributes and services at the terminal, with no significant changes in satisfaction ratings to report.

Satisfaction Onboard

- A total of 90% of passengers in 2012 were satisfied with their overall experience onboard, for an overall rating of 4.14 on the 5-point scale, consistent with the average score achieved in 2011 (4.12).
- Ratings are stable on most routes with the exception of further improvement in satisfaction on Route 19 (4.02 rating versus 3.89 in 2011 and 3.65 in 2010).
- Satisfaction levels have been stable on all aspects of onboard services.

Satisfaction with Sailing Schedules

- Satisfaction levels with many aspects of the sailing schedules have improved slightly this past year, particularly with respect to sailing frequency and timing of last ferry.

Satisfaction with Safety

- Perceptions of the *safety of the ferry operations* continue to be strong.

Satisfaction with Overall Value

- Satisfaction levels with *value for money of fares* are identical to last year after declining in 2011.

Key Conclusions

In summary, customer satisfaction levels have been very stable in 2012 with no significant changes overall, or on specific aspects of service. The key areas of success in 2012 have continued to be in the following areas:

- Staff at the terminal and onboard
- All aspects of the ticket purchase
- Availability and cleanliness of terminal and onboard washrooms
- Cleanliness of pre-boarding and onboard lounge seating
- Appearance of terminals
- Variety/selection in onboard gift shop/ news stand
- Availability and cleanliness of seating area of onboard food/beverage services
- Availability of tourist and travel info
- Outside decks
- Overall appearance of vessels
- Procedures for loading and unloading
- Safety of ferry operations and loading/unloading

Areas of opportunity to enhance the customer experience continue to include:

- Ease of using automated phone system
- Value for money of fares, parking, food/beverages, and retail merchandise both at the terminal and onboard
- Variety/selection at outdoor market
- Ability to connect
- Problem resolution

Detailed Findings

The following section shows the detailed findings from the study. It graphically displays the satisfaction scores for each of the 69 service attributes, showing both the average satisfaction score out of 5 as well as the percentage for each level of satisfaction, that is, 'Very Dissatisfied', 'Dissatisfied', 'Neither Satisfied/Dissatisfied', 'Satisfied' and 'Very Satisfied'. The ratings are shown for all surveyed BC Ferry routes combined and, where appropriate, the route-by-route scores are shown as well.

NOTE: When route numbers are shown in the graphs, please refer to the following table that explains each route number.

Ferry Routes Included in Customer Satisfaction Survey - 2012	
Route No.	**Description of Route**
Route 1	Tsawwassen-Swartz Bay
Route 2	Horseshoe Bay-Departure Bay
Route 3	Horseshoe Bay-Langdale
Route 30	Tsawwassen-Duke Point
Route 4	Swartz Bay-Fulford Harbour, Salt Spring Island
Route 19	Departure Bay–Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)

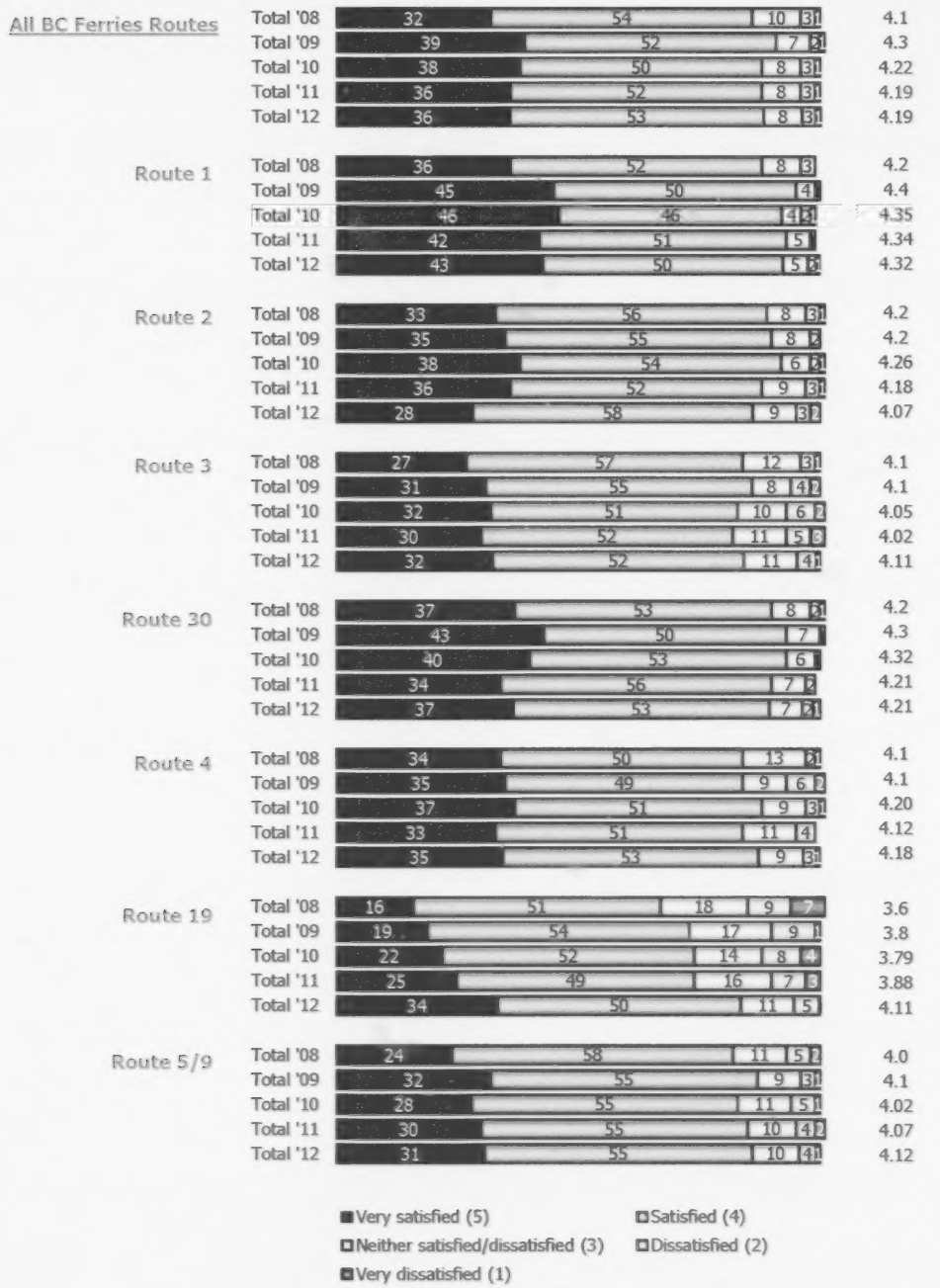
Overall Satisfaction with BC Ferries

A total of 88% of passengers in 2012 reported to be satisfied overall with their experience travelling on BC Ferries. An overall score of 4.19 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'). The findings are identical to those obtained in 2011.

Furthermore, the overall satisfaction scores have been stable by route except levels have strengthened on Route 19 (4.11 average score, up from 3.88 in 2011 and 3.79 in 2010).

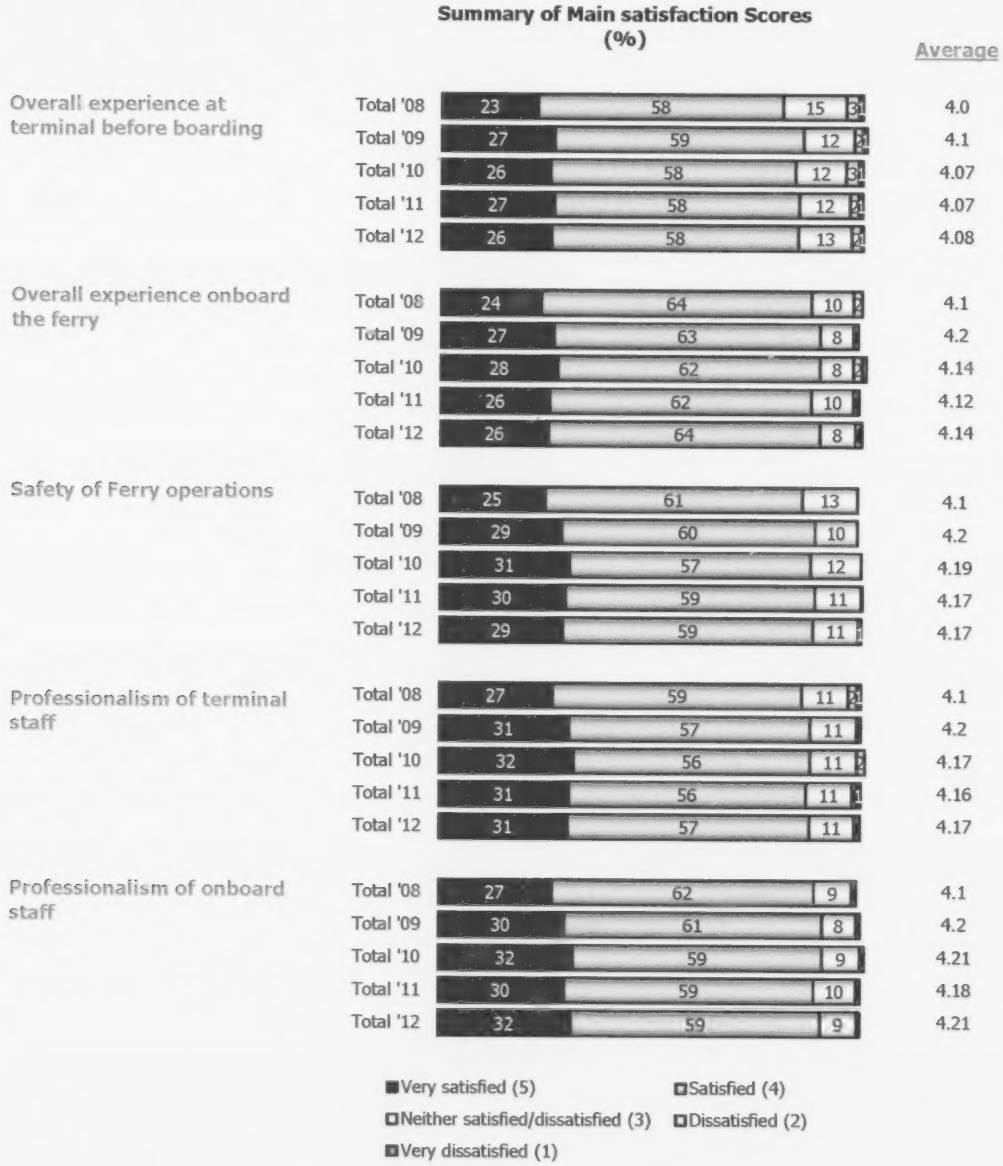
[NOTE: Refer to page 5 for route number codes]

Overall Satisfaction Level with Recent Experience Travelling with BC Ferries (%)



Q.1) How satisfied or dissatisfied were you, overall, with your recent experience travelling with BC Ferries?

The following chart summarizes the results from overall measures of each main point of contact and specifically with BC Ferries staff. Performance ratings have been stable on these key measures.


Summary of Main satisfaction Scores (%)
Average
Overall experience at terminal before boarding
Total '08 23 58 15 3 1 4.0
Total '09 27 59 12 2 1 4.1
Total '10 26 58 12 3 1 4.07
Total '11 27 58 12 2 1 4.07
Total '12 26 58 13 2 1 4.08
Overall experience onboard the ferry
Total '08 24 64 10 2 4.1
Total '09 27 63 8 2 4.2
Total '10 28 62 8 2 4.14
Total '11 26 62 10 2 4.12
Total '12 26 64 8 2 4.14
Safety of Ferry operations
Total '08 25 61 13 1 4.1
Total '09 29 60 10 1 4.2
Total '10 31 57 12 1 4.19
Total '11 30 59 11 1 4.17
Total '12 29 59 11 1 4.17
Professionalism of terminal staff
Total '08 27 59 11 3 1 4.1
Total '09 31 57 11 1 4.2
Total '10 32 56 11 2 4.17
Total '11 31 56 11 1 4.16
Total '12 31 57 11 1 4.17
Professionalism of onboard staff
Total '08 27 62 9 2 4.1
Total '09 30 61 8 1 4.2
Total '10 32 59 9 1 4.21
Total '11 30 59 10 1 4.18
Total '12 32 59 9 1 4.21
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

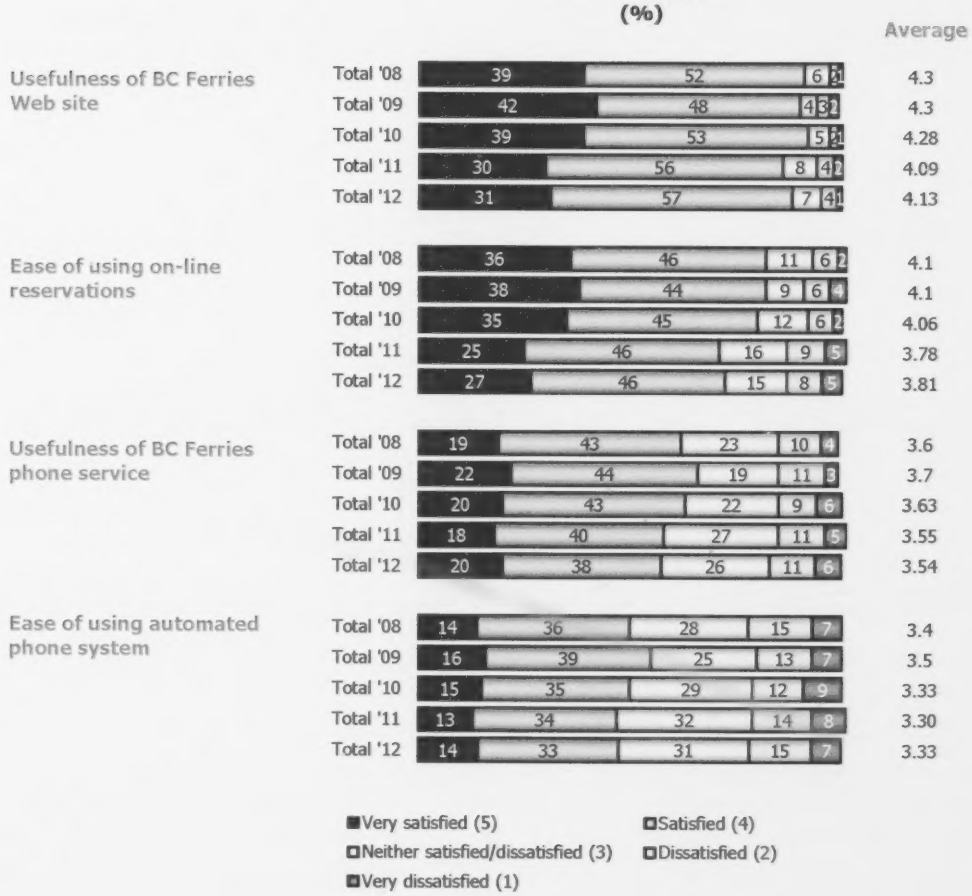
Before Arriving at Terminal

Web site and Phone Contact

Satisfaction with the web site and the on-line reservation system had declined in 2011 and have more or less stayed at the lower levels.

Ratings have not changed significantly with respect to the *usefulness of BC Ferries phone service*, and *ease of using the automated system*.

Satisfaction with Aspects of Website* and Phone Contact (%)**

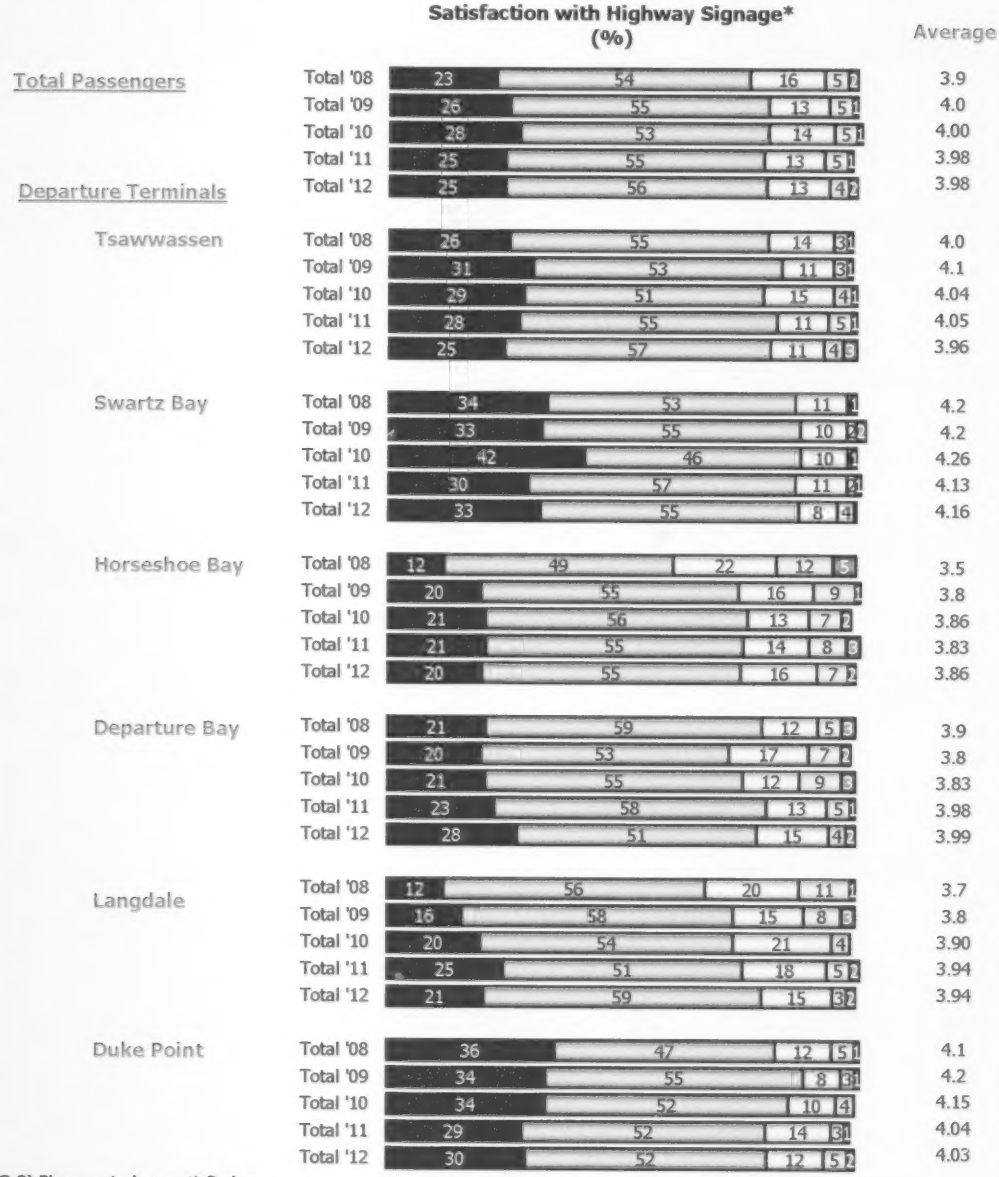

Average
Usefulness of BC Ferries Web site
Total '08 39 52 6 2 1 4.3
Total '09 42 48 4 3 2 4.3
Total '10 39 53 5 2 1 4.28
Total '11 30 56 8 4 2 4.09
Total '12 31 57 7 4 1 4.13
Ease of using on-line reservations
Total '08 36 46 11 6 2 4.1
Total '09 38 44 9 6 4 4.1
Total '10 35 45 12 6 2 4.06
Total '11 25 46 16 9 5 3.78
Total '12 27 46 15 8 5 3.81
Usefulness of BC Ferries phone service
Total '08 19 43 23 10 4 3.6
Total '09 22 44 19 11 3 3.7
Total '10 20 43 22 9 6 3.63
Total '11 18 40 27 11 5 3.55
Total '12 20 38 26 11 6 3.54
Ease of using automated phone system
Total '08 14 36 28 15 7 3.4
Total '09 16 39 25 13 7 3.5
Total '10 15 35 29 12 9 3.33
Total '11 13 34 32 14 8 3.30
Total '12 14 33 31 15 7 3.33
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* 64% usage web site, 32% for on-line reservations
** 20% usage phone service, 17% for automated system

Highway Signage

Satisfaction levels with highway signage have also been stable overall.



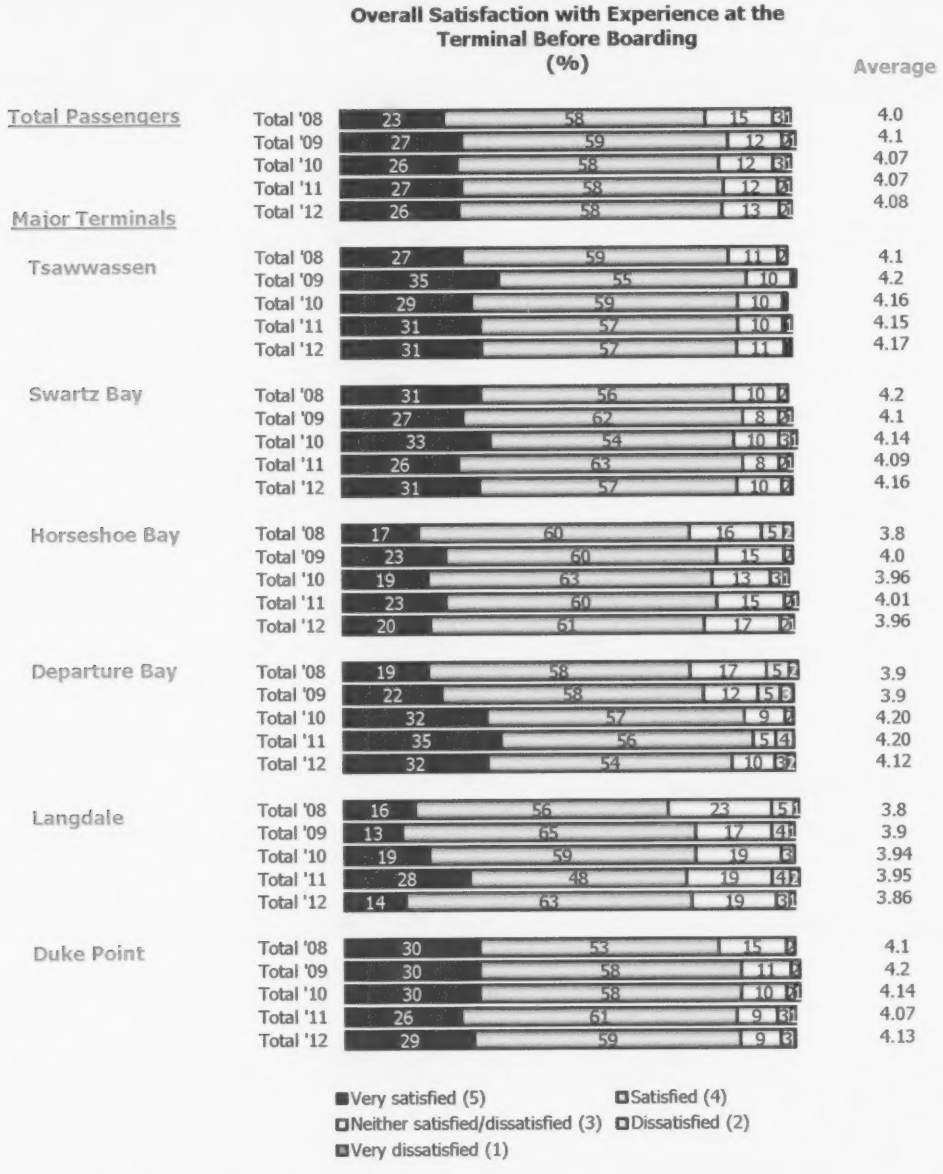
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* Usage: 75%

At the Terminal

Overall Experience at the Terminal

Overall satisfaction with the experience at the terminal before boarding is consistent with a year ago, with 84% satisfied and no significant change in the average score (4.08 versus 4.07 in 2011). Satisfaction ratings also have not changed by terminal.

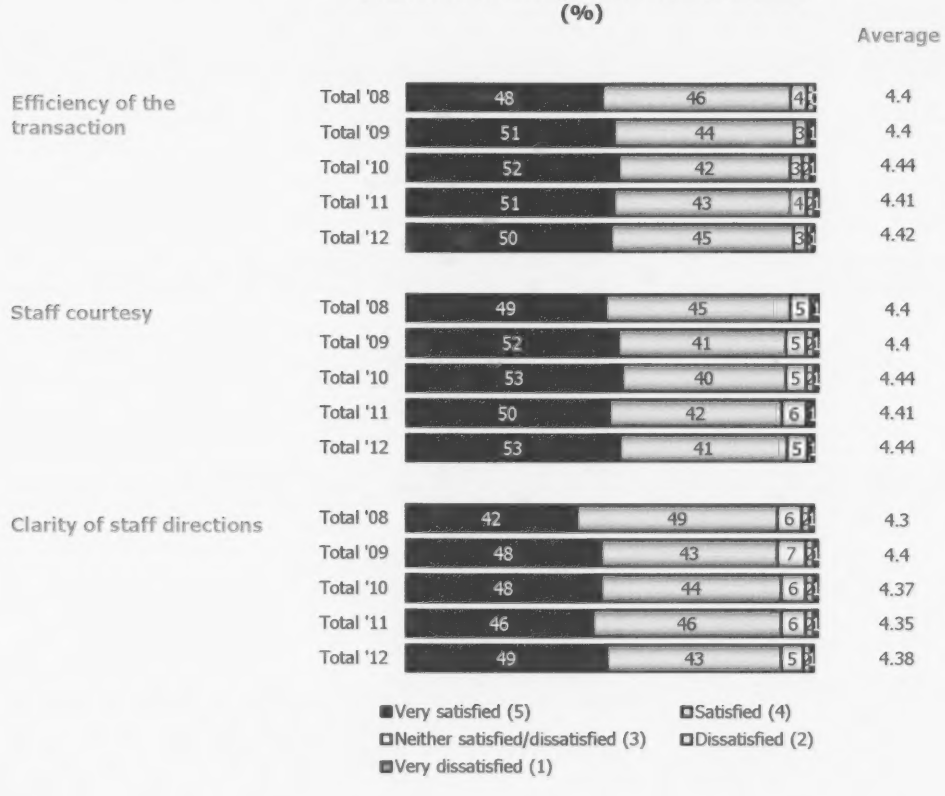


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Ticket Purchase

Satisfaction levels continue to be high with all aspects of the ticket purchase process with average ratings similar to a year ago.

Satisfaction with Aspects of Ticket Purchase (%)

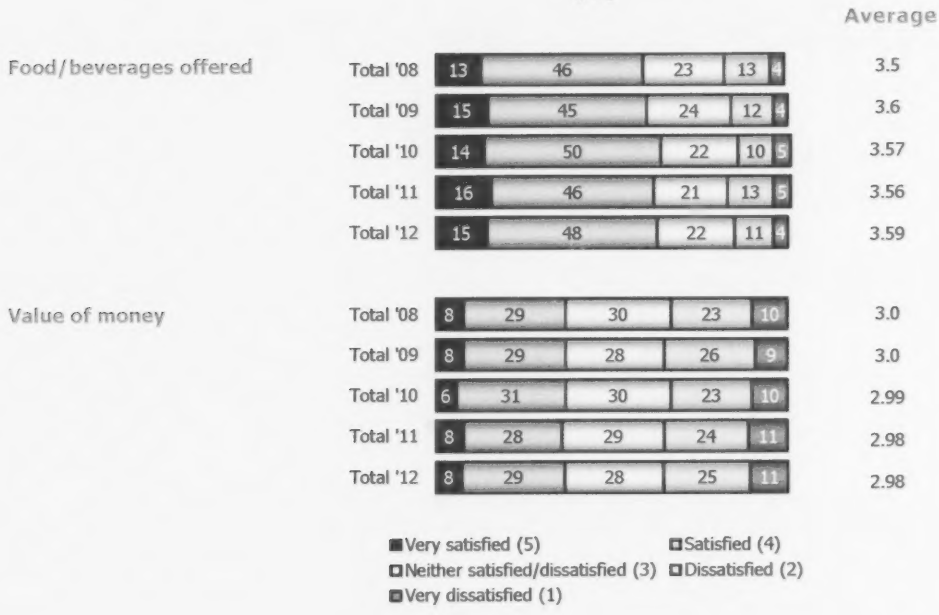

Average
Efficiency of the transaction
Total '08 48 46 4 0 4.4
Total '09 51 44 3 1 4.4
Total '10 52 42 3 1 4.44
Total '11 51 43 4 1 4.41
Total '12 50 45 3 1 4.42
Staff courtesy
Total '08 49 45 5 1 4.4
Total '09 52 41 5 1 4.4
Total '10 53 40 5 1 4.44
Total '11 50 42 6 1 4.41
Total '12 53 41 5 1 4.44
Clarity of staff directions
Total '08 42 49 6 1 4.3
Total '09 48 43 7 1 4.4
Total '10 48 44 6 1 4.37
Total '11 46 46 6 1 4.35
Total '12 49 43 5 1 4.38
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Food/Beverage Services at Terminal

Satisfaction levels with food and beverage services at terminals also are relatively unchanged.

Satisfaction with Aspects of Food and Beverage Services at Terminal* (%)


Average
Food/beverages offered
Total '08 13 46 23 13 4 3.5
Total '09 15 45 24 12 4 3.6
Total '10 14 50 22 10 5 3.57
Total '11 16 46 21 13 5 3.56
Total '12 15 48 22 11 4 3.59
Value of money
Total '08 8 29 30 23 10 3.0
Total '09 8 29 28 26 9 3.0
Total '10 6 31 30 23 10 2.99
Total '11 8 28 29 24 11 2.98
Total '12 8 29 28 25 11 2.98
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

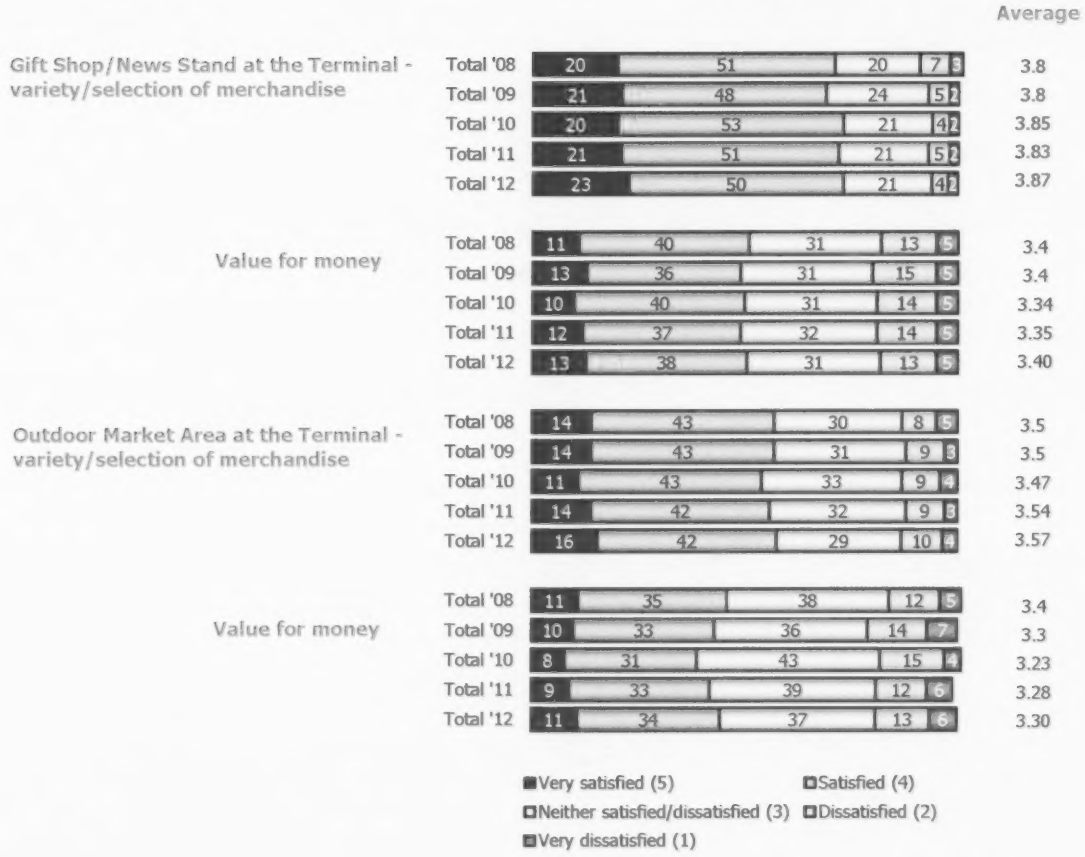
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

* 44% usage overall; excluding Route 19.

Retail Services at Terminal

Similarly, satisfaction ratings are not statistically different from 2011 with respect to the gift shop/news stand services and outdoor market area at the terminals, in terms of both *variety/selection* and *value for money*.

**Satisfaction with Aspects of Retail Services at Terminal*
(%)**


Average
Gift Shop/News Stand at the Terminal - variety/selection of merchandise
Total '08 20 51 20 7 3 3.8
Total '09 21 48 24 5 2 3.8
Total '10 20 53 21 4 2 3.85
Total '11 21 51 21 5 2 3.83
Total '12 23 50 21 4 2 3.87
Value for money
Total '08 11 40 31 13 5 3.4
Total '09 13 36 31 15 5 3.4
Total '10 10 40 31 14 5 3.34
Total '11 12 37 32 14 5 3.35
Total '12 13 38 31 13 5 3.40
Outdoor Market Area at the Terminal - variety/selection of merchandise
Total '08 14 43 30 8 5 3.5
Total '09 14 43 31 9 3 3.5
Total '10 11 43 33 9 4 3.47
Total '11 14 42 32 9 3 3.54
Total '12 16 42 29 10 4 3.57
Value for money
Total '08 11 35 38 12 5 3.4
Total '09 10 33 36 14 7 3.3
Total '10 8 31 43 15 4 3.23
Total '11 9 33 39 12 6 3.28
Total '12 11 34 37 13 6 3.30
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

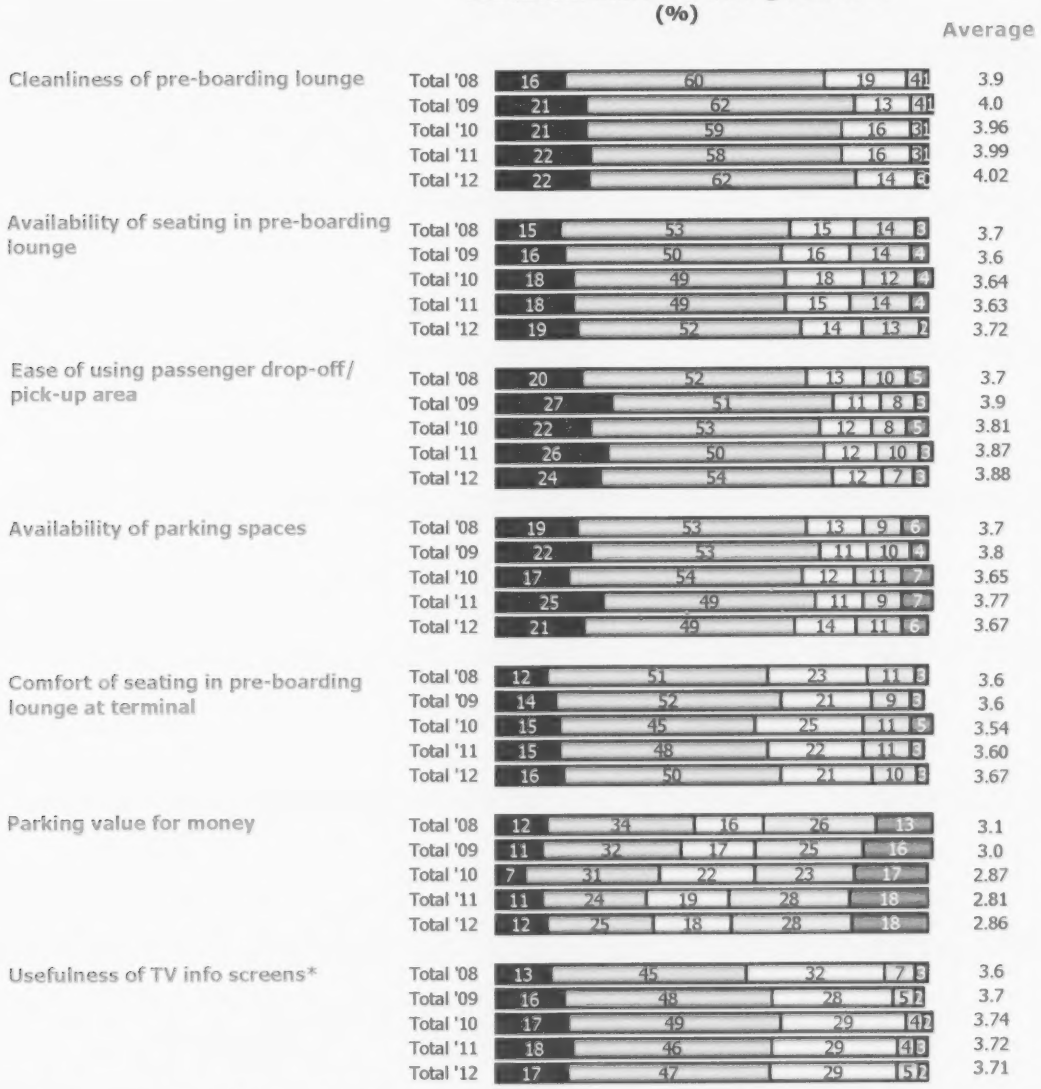
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

* Usage: 37% gift shop, 22% outdoor market; excluding Route 19.

Foot Passenger Services

Furthermore there are no significant changes in satisfaction levels with foot passenger services from a year ago.

Satisfaction with Foot Passenger Services (%)



Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

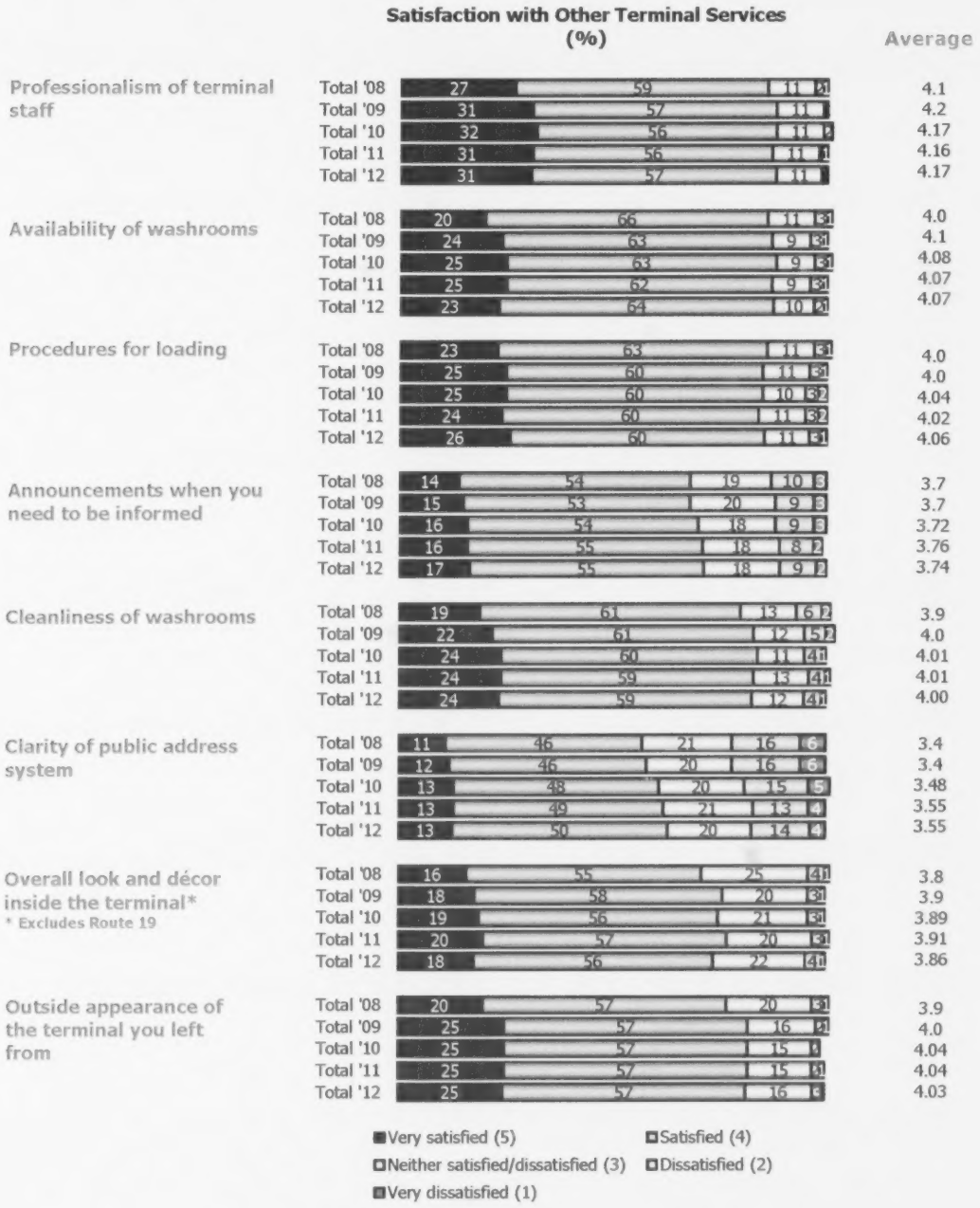
Usage: 36% are foot passengers (including bus).

* Excludes Routes 19, & 5/9.

■Very satisfied (5) ■Satisfied (4)
■Neither satisfied/dissatisfied (3) ■Dissatisfied (2)
■Very dissatisfied (1)

Other Terminal Services

Satisfaction levels have been stable on all other terminal services as well.


Satisfaction with Other Terminal Services
(%)
Average
Professionalism of terminal staff
Total '08 27 59 11 4 4.1
Total '09 31 57 11 3
Total '10 32 56 11 4 4.17
Total '11 31 56 11 4 4.16
Total '12 31 57 11 4 4.17
Availability of washrooms
Total '08 20 66 11 3 4.0
Total '09 24 63 9 3 4.1
Total '10 25 63 9 3 4.08
Total '11 25 62 9 3 4.07
Total '12 23 64 10 4 4.07
Procedures for loading
Total '08 23 63 11 3 4.0
Total '09 25 60 11 3 4.0
Total '10 25 60 10 3 2 4.04
Total '11 24 60 11 3 2 4.02
Total '12 26 60 11 3 4.06
Announcements when you need to be informed
Total '08 14 54 19 10 3 3.7
Total '09 15 53 20 9 3 3.7
Total '10 16 54 18 9 3 3.72
Total '11 16 55 18 8 2 3.76
Total '12 17 55 18 9 2 3.74
Cleanliness of washrooms
Total '08 19 61 13 6 2 3.9
Total '09 22 61 12 5 2 4.0
Total '10 24 60 11 4 1 4.01
Total '11 24 59 13 4 1 4.01
Total '12 24 59 12 4 1 4.00
Clarity of public address system
Total '08 11 46 21 16 6 3.4
Total '09 12 46 20 16 6 3.4
Total '10 13 48 20 15 5 3.48
Total '11 13 49 21 13 4 3.55
Total '12 13 50 20 14 4 3.55
Overall look and décor inside the terminal*
* Excludes Route 19
Total '08 16 55 25 4 1 3.8
Total '09 18 58 20 3 1 3.9
Total '10 19 56 21 3 1 3.89
Total '11 20 57 20 3 1 3.91
Total '12 18 56 22 4 1 3.86
Outside appearance of the terminal you left from
Total '08 20 57 20 3 3.9
Total '09 25 57 16 2 4.0
Total '10 25 57 15 3 4.04
Total '11 25 57 15 3 4.04
Total '12 25 57 16 3 4.03
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Onboard Experience

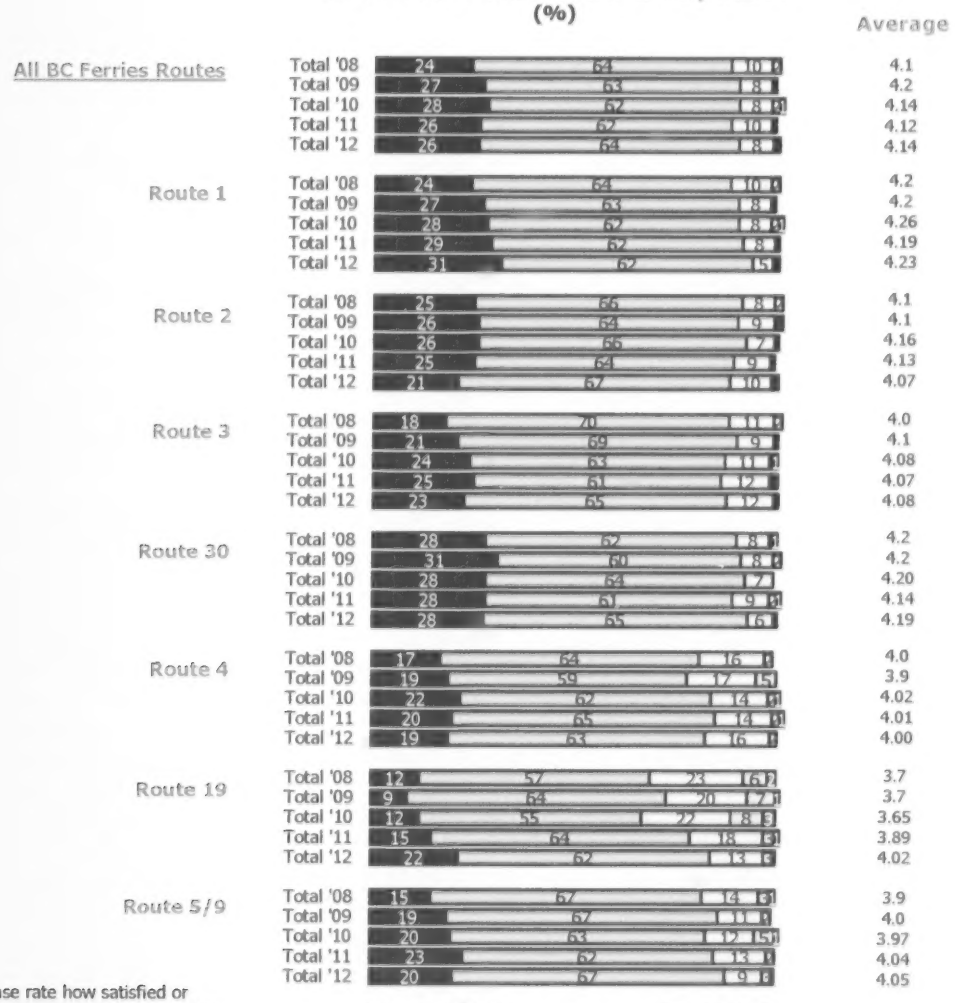
Overall Onboard Experience

A total of 90% of passengers in 2012 were satisfied with their overall experience onboard, for an overall rating of 4.14 on the 5-point scale, consistent with the average score achieved in 2011 (4.12).

Ratings are stable on most routes with the exception of further improvement in satisfaction on Route 19 (4.02 rating versus 3.89 in 2011 and 3.65 in 2010).

[NOTE: Refer to page 5 or page 34 for Route number codes]

Overall Satisfaction with Onboard Experience (%)

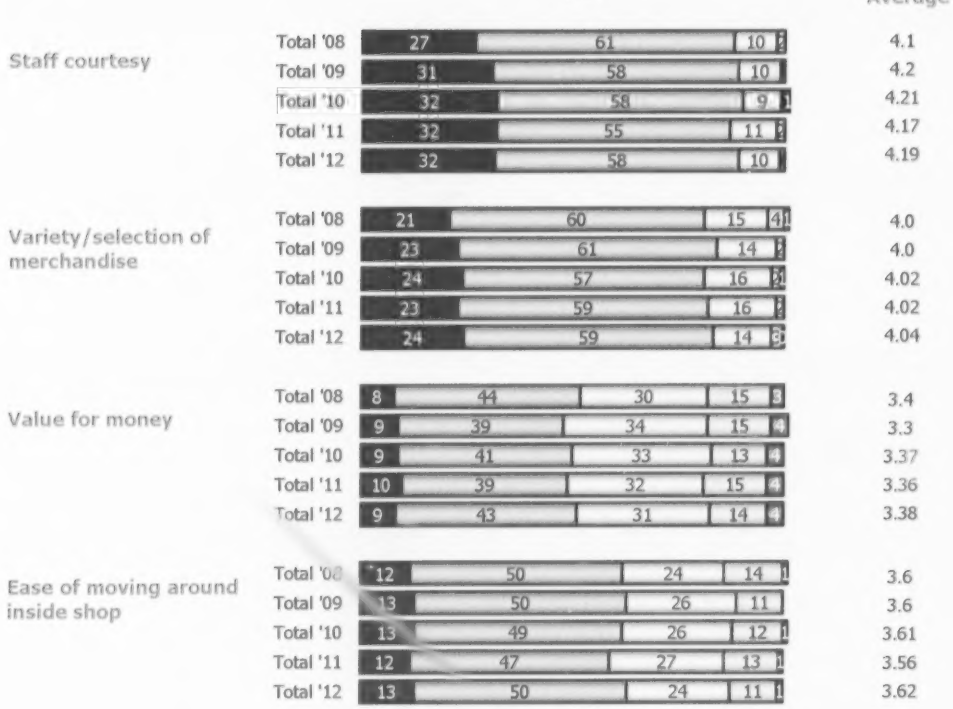


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Onboard Gift Shop/News Stand

Satisfaction ratings have not varied from a year ago on different aspects of the onboard gift shop/news stand.

Satisfaction with Aspects of Gift Shop/News Stand Onboard* (%)


Average
Staff courtesy
Total '08 27 61 10 4.1
Total '09 31 58 10 4.2
Total '10 32 58 9 1 4.21
Total '11 32 55 11 4.17
Total '12 32 58 10 4.19
Variety/selection of merchandise
Total '08 21 60 15 4 4.0
Total '09 23 61 14 4.0
Total '10 24 57 16 4.02
Total '11 23 59 16 4.02
Total '12 24 59 14 4.04
Value for money
Total '08 8 44 30 15 3 3.4
Total '09 9 39 34 15 4 3.3
Total '10 9 41 33 13 4 3.37
Total '11 10 39 32 15 4 3.36
Total '12 9 43 31 14 4 3.38
Ease of moving around inside shop
Total '08 12 50 24 14 1 3.6
Total '09 13 50 26 11 3.6
Total '10 13 49 26 12 1 3.61
Total '11 12 47 27 13 1 3.56
Total '12 13 50 24 11 1 3.62
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

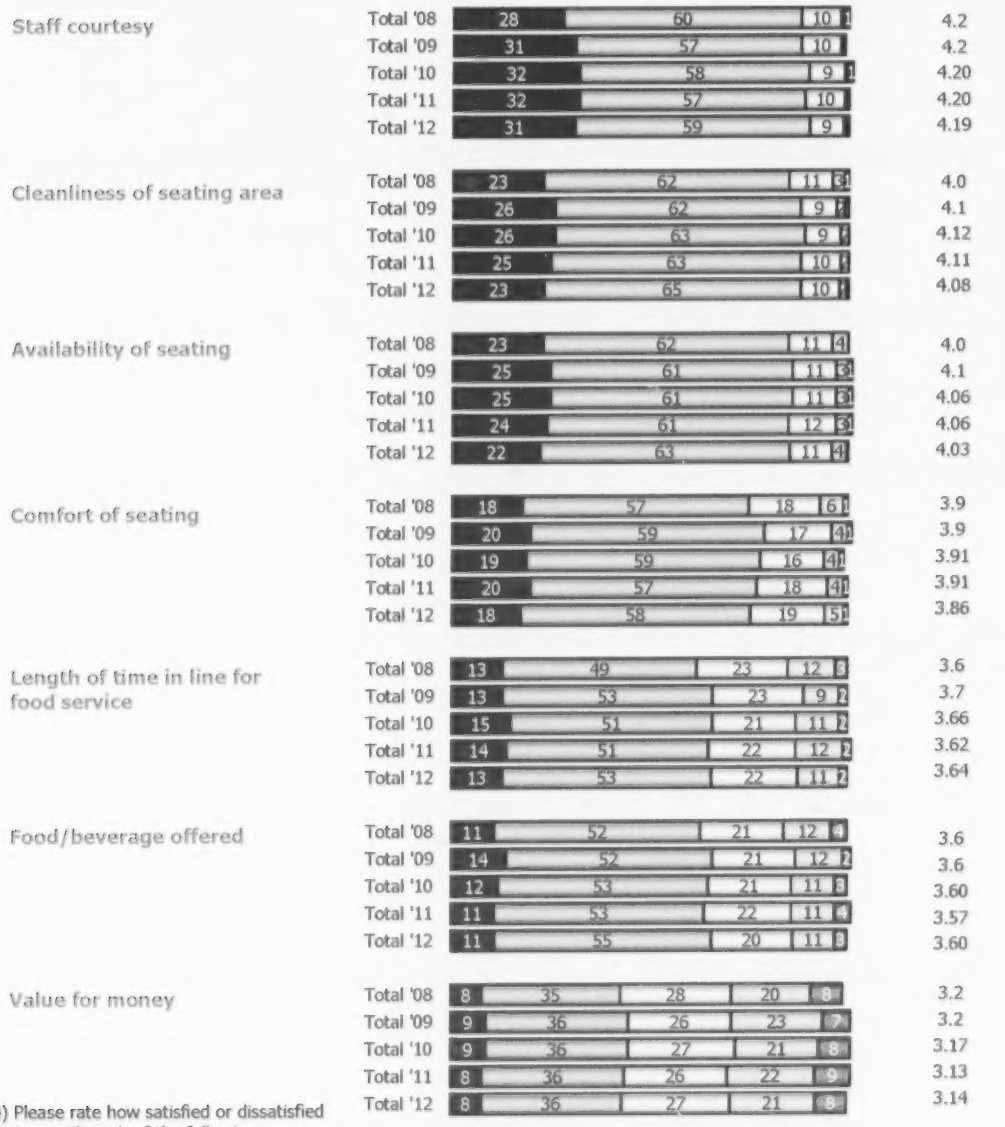
* Excludes Routes 4 & 19.

Usage: 56% gift shop/news stand.

Onboard Food Services

Satisfaction levels with all aspects of onboard food services also have been stable.

**Satisfaction with Aspects of Food and Beverage Services Onboard*
(%)**



Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4 & 19.

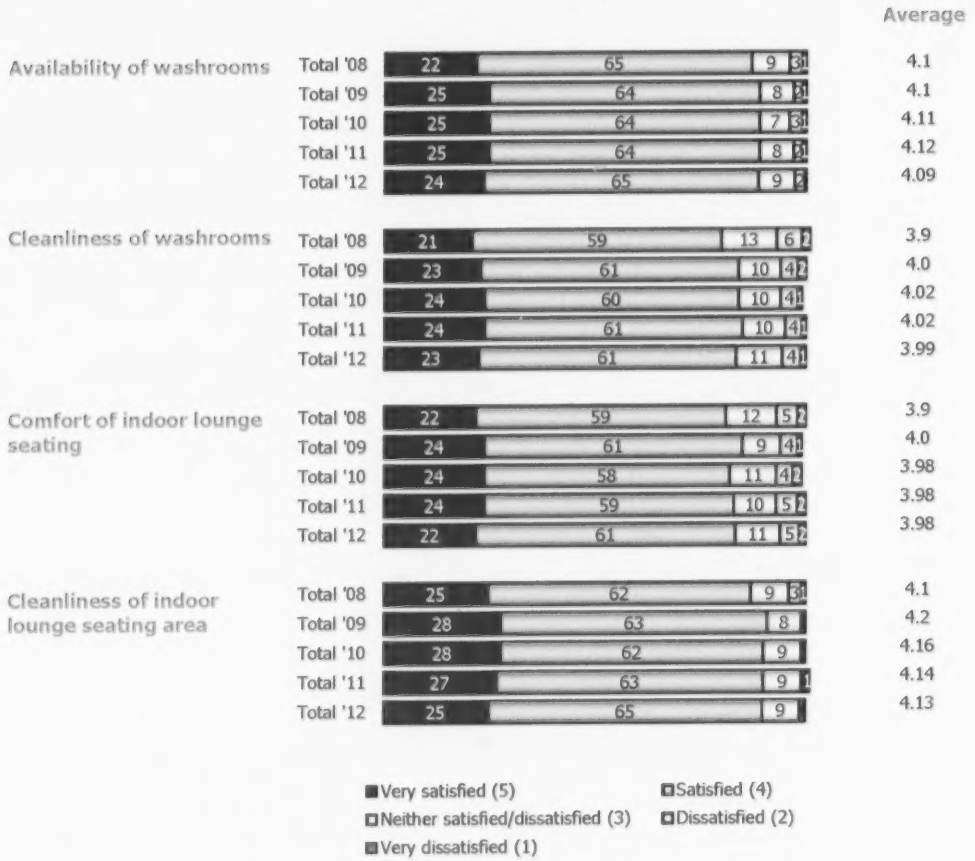
Usage: 72% food & beverage services.

Onboard Washrooms and Onboard Seating

Ratings for *availability* and *cleanliness of washrooms* have been stable.

Ratings are also relatively unchanged for onboard seating.

Satisfaction with Onboard Washrooms (%)

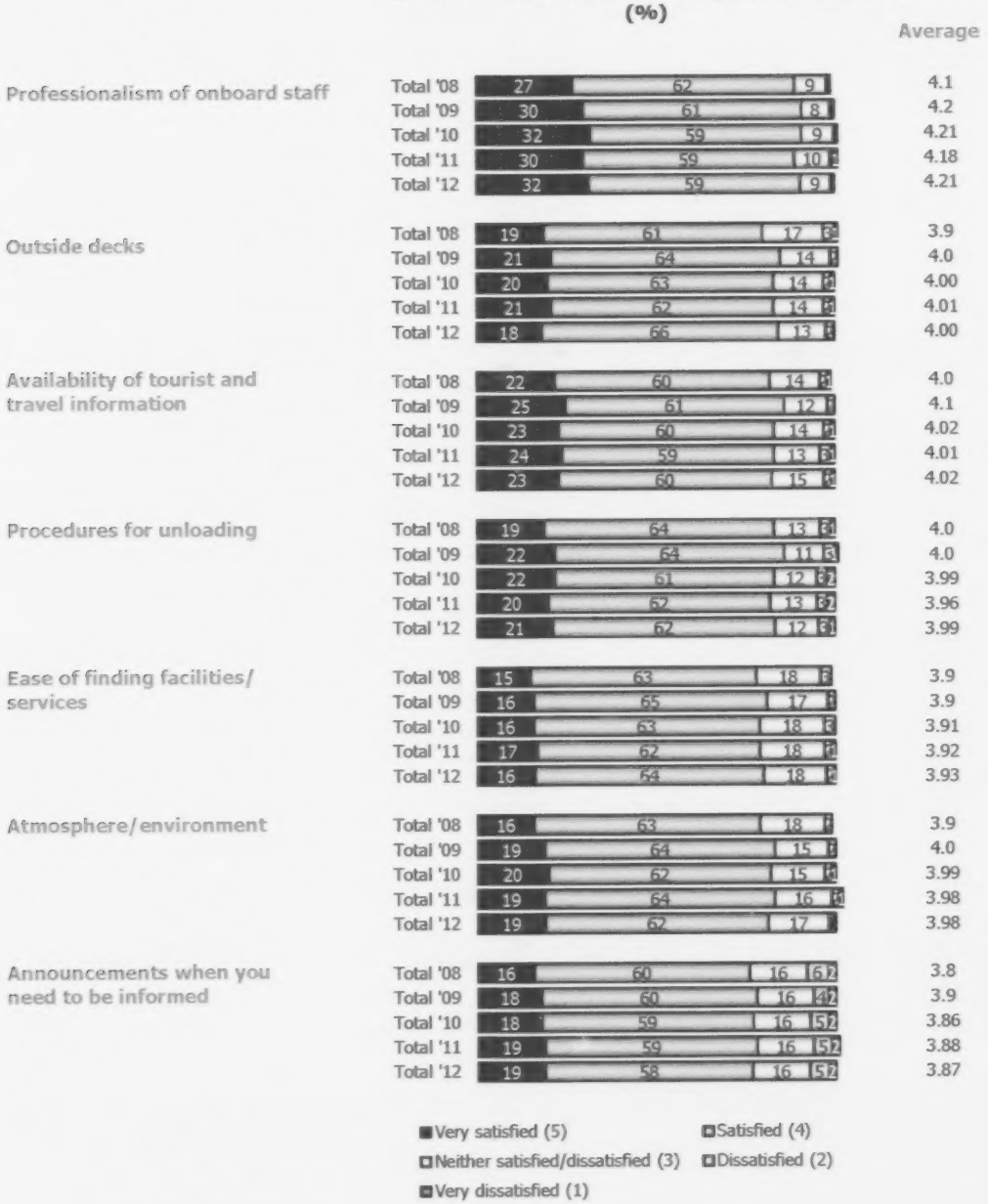

Average
Availability of washrooms
Total '08 22 65 9 3 1 4.1
Total '09 25 64 8 3 1 4.1
Total '10 25 64 7 3 1 4.11
Total '11 25 64 8 3 1 4.12
Total '12 24 65 9 2 4.09
Cleanliness of washrooms
Total '08 21 59 13 6 2 3.9
Total '09 23 61 10 4 2 4.0
Total '10 24 60 10 4 1 4.02
Total '11 24 61 10 4 1 4.02
Total '12 23 61 11 4 1 3.99
Comfort of indoor lounge seating
Total '08 22 59 12 5 2 3.9
Total '09 24 61 9 4 1 4.0
Total '10 24 58 11 4 2 3.98
Total '11 24 59 10 5 2 3.98
Total '12 22 61 11 5 2 3.98
Cleanliness of indoor lounge seating area
Total '08 25 62 9 3 1 4.1
Total '09 28 63 8 4.2
Total '10 28 62 9 4.16
Total '11 27 63 9 1 4.14
Total '12 25 65 9 4.13
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Other Onboard Facilities/Services

Furthermore, there are no significant changes to report with respect to other onboard facilities and services.

Satisfaction with Other Facilities/Services Onboard (%)


Average
Professionalism of onboard staff
Total '08 27 62 9 4.1
Total '09 30 61 8 4.2
Total '10 32 59 9 4.21
Total '11 30 59 10 4.18
Total '12 32 59 9 4.21
Outside decks
Total '08 19 61 17 3.9
Total '09 21 64 14 4.0
Total '10 20 63 14 4.00
Total '11 21 62 14 4.01
Total '12 18 66 13 4.00
Availability of tourist and travel information
Total '08 22 60 14 4.0
Total '09 25 61 12 4.1
Total '10 23 60 14 4.02
Total '11 24 59 13 4.01
Total '12 23 60 15 4.02
Procedures for unloading
Total '08 19 64 13 4.0
Total '09 22 64 11 4.0
Total '10 22 61 12 3.99
Total '11 20 62 13 3.96
Total '12 21 62 12 3.99
Ease of finding facilities/ services
Total '08 15 63 18 3.9
Total '09 16 65 17 3.9
Total '10 16 63 18 3.91
Total '11 17 62 18 3.92
Total '12 16 64 18 3.93
Atmosphere/environment
Total '08 16 63 18 3.9
Total '09 19 64 15 4.0
Total '10 20 62 15 3.99
Total '11 19 64 16 3.98
Total '12 19 62 17 3.98
Announcements when you need to be informed
Total '08 16 60 16 3.8
Total '09 18 60 16 3.9
Total '10 18 59 16 3.86
Total '11 19 59 16 3.88
Total '12 19 58 16 3.87
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Satisfaction with Other Facilities/Services Onboard (cont'd) (%)

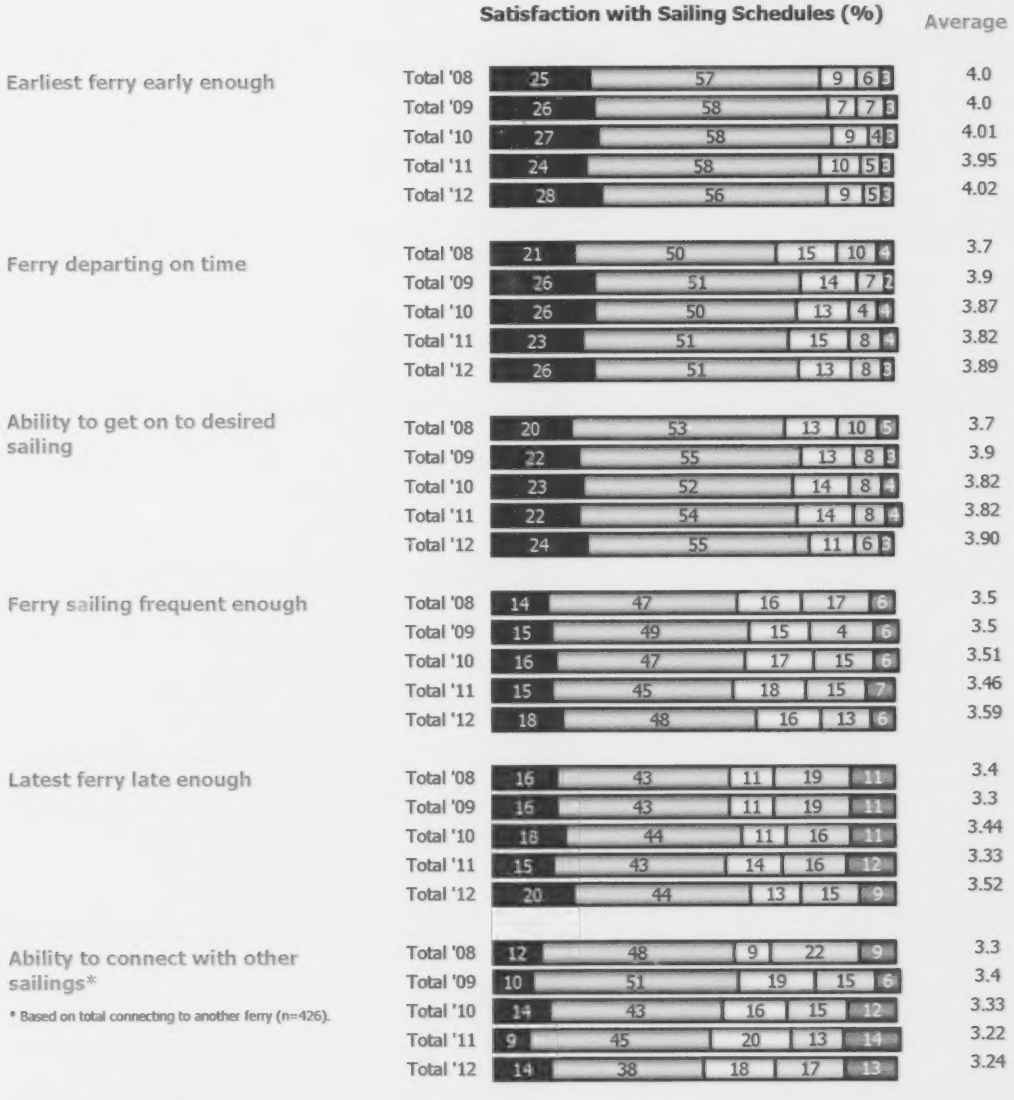
Average
Outside appearance of the vessel overall
Total '08 20 59 19 3 3.9
Total '09 22 60 16 2 4.0
Total '10 22 59 17 2 4.01
Total '11 22 61 15 1 4.03
Total '12 21 58 19 2 3.97
Play area for children*
* Excludes Routes 4 & 19.
Total '08 14 46 23 12 4 3.6
Total '09 12 49 26 8 4 3.6
Total '10 12 47 27 13 2 3.54
Total '11 18 49 24 8 2 3.73
Total '12 18 47 22 10 3 3.68
Work stations*
* Excludes Routes 4 & 19.
Total '08 12 59 24 5 1 3.7
Total '09 17 55 23 4 1 3.8
Total '10 16 58 20 6 1 3.82
Total '11 17 52 23 6 2 3.76
Total '12 18 57 18 6 1 3.84
Clarity of public address system
Total '08 14 56 17 10 4 3.7
Total '09 16 54 18 8 3 3.7
Total '10 16 55 18 9 3 3.71
Total '11 16 54 18 9 3 3.72
Total '12 16 55 17 9 3 3.73
Video arcade*
* Excludes Routes 4 & 19.
Total '08 11 42 38 7 3 3.5
Total '09 9 44 35 8 4 3.5
Total '10 9 47 31 10 3 3.49
Total '11 16 41 34 6 4 3.62
Total '12 15 35 38 8 4 3.49
Ease of access for people with disabilities
Total '08 16 48 23 10 4 3.6
Total '09 18 52 19 7 3 3.8
Total '10 17 52 20 8 3 3.71
Total '11 18 50 21 8 4 3.71
Total '12 18 51 20 8 3 3.74
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Sailing Schedules

Various Aspects of Sailing Schedules

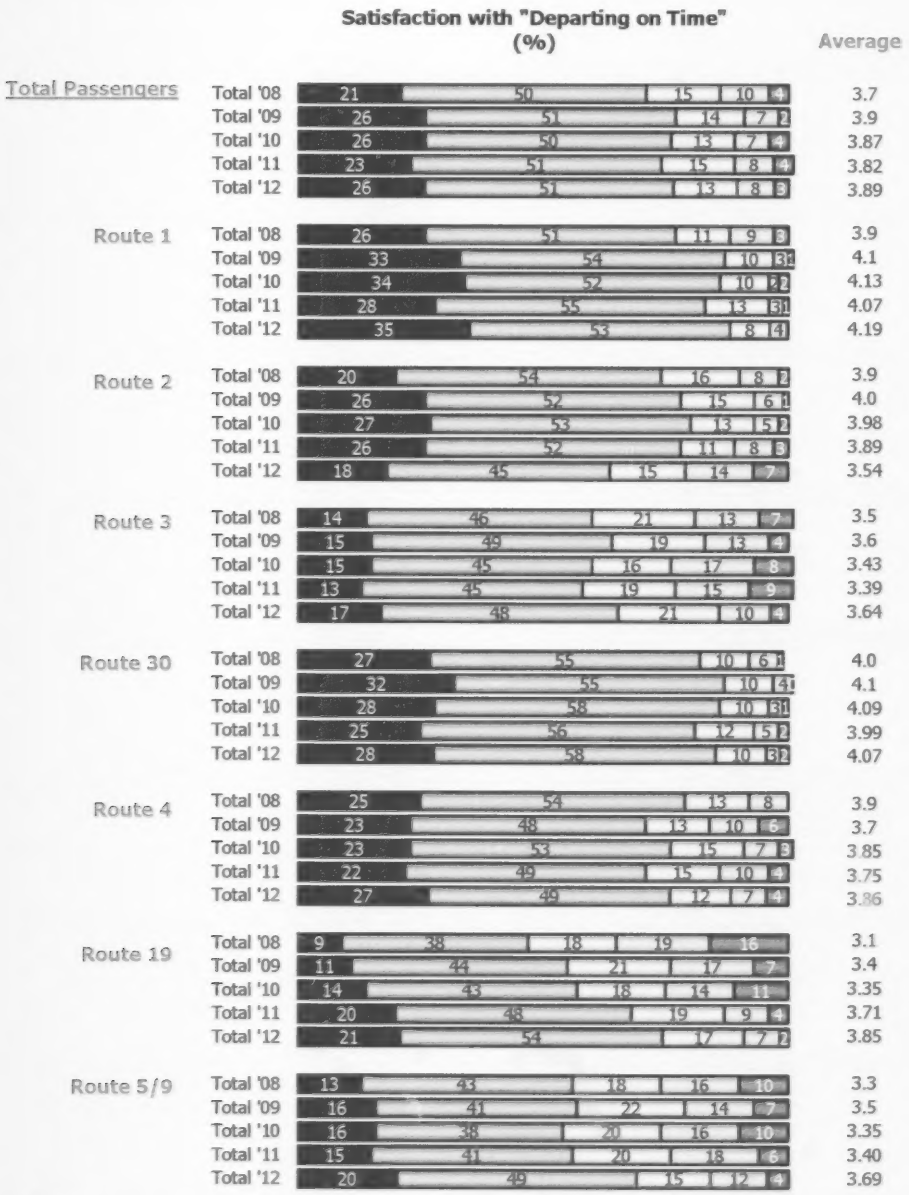
Satisfaction levels with many aspects of sailing schedules have improved this past year, particularly with respect to sailing frequency and timing of last ferry. Some improvement is also noted in perceptions of on-time departures, and timing of the earliest ferry.


Satisfaction with Sailing Schedules (%)
Average
Earliest ferry early enough
Total '08 25 57 9 6 3 4.0
Total '09 26 58 7 7 3 4.0
Total '10 27 58 9 4 3 4.01
Total '11 24 58 10 5 3 3.95
Total '12 28 56 9 5 3 4.02
Ferry departing on time
Total '08 21 50 15 10 4 3.7
Total '09 26 51 14 7 2 3.9
Total '10 26 50 13 4 4 3.87
Total '11 23 51 15 8 4 3.82
Total '12 26 51 13 8 3 3.89
Ability to get on to desired sailing
Total '08 20 53 13 10 5 3.7
Total '09 22 55 13 8 3 3.9
Total '10 23 52 14 8 4 3.82
Total '11 22 54 14 8 4 3.82
Total '12 24 55 11 6 3 3.90
Ferry sailing frequent enough
Total '08 14 47 16 17 6 3.5
Total '09 15 49 15 4 6 3.5
Total '10 16 47 17 15 6 3.51
Total '11 15 45 18 15 7 3.46
Total '12 18 48 16 13 6 3.59
Latest ferry late enough
Total '08 16 43 11 19 11 3.4
Total '09 16 43 11 19 11 3.3
Total '10 18 44 11 16 11 3.44
Total '11 15 43 14 16 12 3.33
Total '12 20 44 13 15 9 3.52
Ability to connect with other sailings*
Total '08 12 48 9 22 9 3.3
Total '09 10 51 19 15 6 3.4
Total '10 14 43 16 15 12 3.33
Total '11 9 45 20 13 14 3.22
Total '12 14 38 18 17 13 3.24
* Based on total connecting to another ferry (n=426).
Q.5) Please rate how satisfied or dissatisfied you were with each of the following.
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Departing on Time

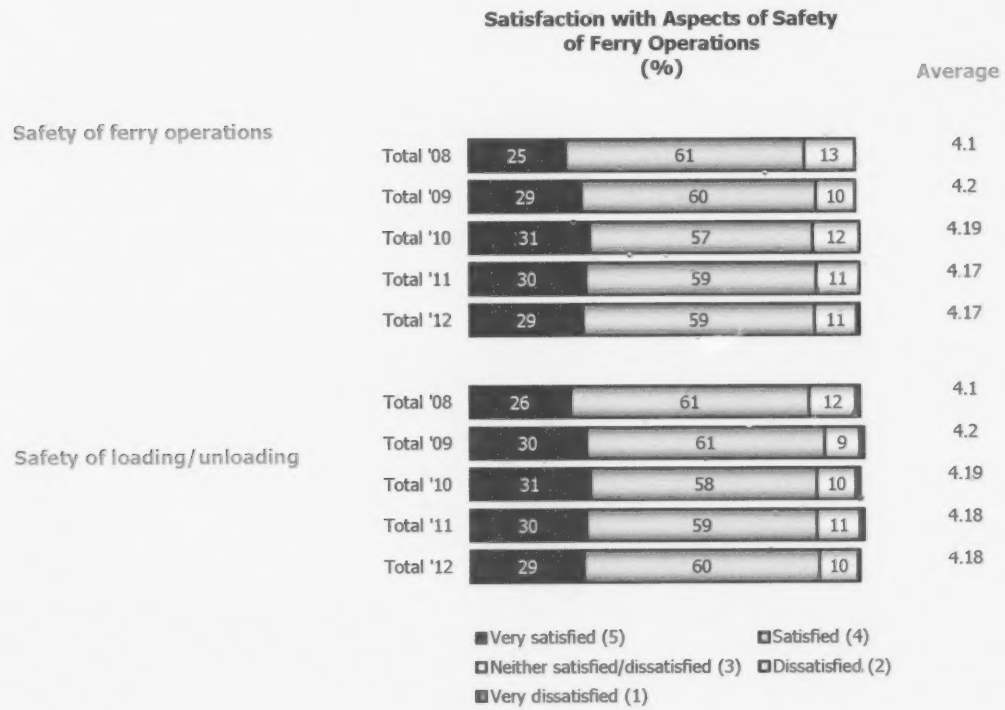
The following graph details the ratings for "departing on time" by route. Perceptions have strengthened on all Routes except Route 2 where ratings have declined from 3.89 in 2011 to 3.54.

[NOTE: Refer to page 5 or page 34 for Route number codes]



Safety

Perceptions of safety continue to be strong.

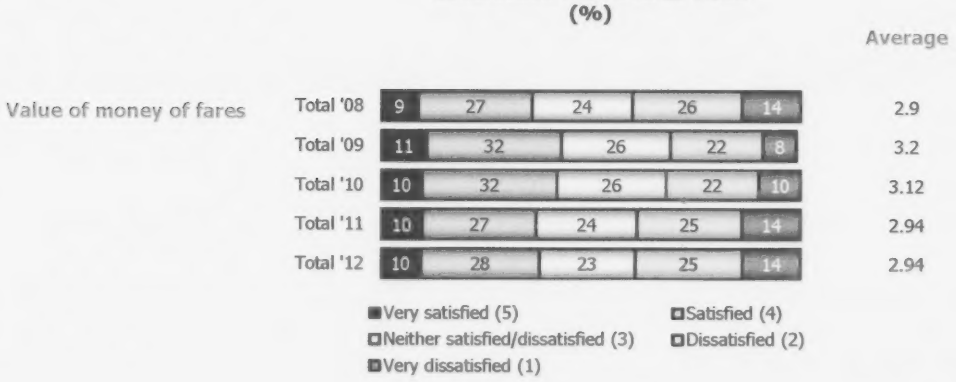

Satisfaction with Aspects of Safety of Ferry Operations (%)
Average
Safety of ferry operations
Total '08 25 61 13 4.1
Total '09 29 60 10 4.2
Total '10 31 57 12 4.19
Total '11 30 59 11 4.17
Total '12 29 59 11 4.17
Safety of loading/unloading
Total '08 26 61 12 4.1
Total '09 30 61 9 4.2
Total '10 31 58 10 4.19
Total '11 30 59 11 4.18
Total '12 29 60 10 4.18
Very satisfied (5)
Satisfied (4)
Neither satisfied/dissatisfied (3)
Dissatisfied (2)
Very dissatisfied (1)

Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

Overall Value

Satisfaction levels with *value for money of fares* are identical to last year after declining in 2011.

Satisfaction with Overall Value
(%)



Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

Appendices

Route-by-Route Satisfaction Score for Each Attribute

Ferry Routes Included in Customer Satisfaction Survey - 2012	
Route No.	**Description of Route**
Route 1	Tsawwassen-Swartz Bay
Route 2	Horseshoe Bay-Departure Bay
Route 3	Horseshoe Bay-Langdale
Route 30	Tsawwassen-Duke Point
Route 4	Swartz Bay-Fulford Harbour, Salt Spring Island
Route 19	Departure Bay–Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)

***NOTE**: Combined, these routes represent approximately 80% of the annual passenger traffic volume on BC Ferries.*

Average Satisfaction Ratings by Route – All Waves 2012
(see page 27 for Route Number Codes)

		Larger Routes				Route	Smaller Routes			
	Total	Total	1	2	30	3	Total	4	19	5/9
OVERALL EXPERIENCE										
Trip overall	4.19	4.23	4.32	4.07	4.21	4.11	4.13	4.18	4.11	4.12
BEFORE ARRIVING AT TERMINAL										
Usefulness of BC Ferries website	4.13	4.14	4.16	4.13	4.11	4.12	4.09	4.12	4.01	4.11
Ease of using on-line reservations	3.81	3.82	3.85	3.71	3.92	3.73	3.85	3.77	3.72	3.92
Usefulness of BC Ferries phone service	3.54	3.60	3.67	3.57	3.43	3.22	3.64	3.50	3.19	3.84
Ease of using automated phone service	3.33	3.39	3.52	3.32	3.09	3.17	3.26	3.23	2.79	3.46
Highway signage	3.98	4.00	4.06	3.92	3.96	3.91	3.94	4.00	3.86	3.94
TERMINAL EXPERIENCE										
Terminal overall	4.08	4.13	4.17	4.05	4.15	3.90	4.04	4.03	3.96	4.09
Outside appearance of the terminal	4.03	4.10	4.09	4.06	4.16	3.80	4.00	4.00	3.88	4.07
Ticket Purchase										
Efficiency of the transaction	4.42	4.47	4.52	4.38	4.46	4.25	4.40	4.40	4.38	4.41
Staff courtesy	4.44	4.45	4.48	4.38	4.45	4.38	4.46	4.39	4.53	4.45
Clarity of staff directions	4.38	4.42	4.49	4.33	4.39	4.22	4.36	4.32	4.42	4.36
Food & Beverage Services at the Terminal										
Food beverages offered	3.59	3.66	3.74	3.52	3.61	3.43	3.36	3.14	-	3.45
Value for money	2.98	3.02	3.11	2.86	2.98	2.85	2.95	2.82	-	3.01
Gift Shop/ News Stand at the Terminal										
Variety/ selection of merchandise	3.87	3.90	3.95	3.87	3.83	3.93	3.50	3.30	-	3.59
Value for money	3.40	3.41	3.48	3.32	3.37	3.46	3.18	3.14	-	3.20
Outdoor Market Area at the Terminal										
Variety/ selection of merchandise	3.57	3.67	3.76	3.50	3.67	3.18	3.57	3.56	-	3.57
Value for money	3.30	3.36	3.45	3.19	3.32	3.03	3.35	3.34	-	3.36
Other Terminal Services										
Clarity of public address system	3.55	3.60	3.62	3.51	3.70	3.43	3.46	3.55	3.22	3.51
Announcements when you need to be informed	3.74	3.79	3.85	3.65	3.85	3.66	3.66	3.68	3.50	3.71
Overall look & décor inside terminal	3.86	3.91	3.91	3.90	3.94	3.66	3.83	3.79	-	3.86
Availability of washrooms	4.07	4.10	4.13	4.02	4.16	3.97	4.05	4.05	3.95	4.09
Cleanliness of washrooms	4.00	4.02	4.07	3.88	4.13	3.90	4.03	3.93	4.01	4.10
Procedures for loading	4.06	4.10	4.15	3.96	4.14	3.96	4.01	4.03	3.99	4.02
Professionalism of terminal staff	4.17	4.18	4.24	4.06	4.21	4.08	4.21	4.13	4.30	4.20

continued...

Average Satisfaction Ratings by Route – All Waves 2012

(see page 27 for Route Number Codes)

		Larger Routes					Smaller Routes			
	Total	Total	1	2	30	Route 3	Total	4	19	5/9
Foot Passenger Services at the Terminal										
Usefulness of TV info screens	3.71	3.75	3.75	3.61	3.96	3.56	3.60	3.60	-	-
Availability of parking spaces	3.67	3.81	3.87	3.57	4.12	3.86	3.04	3.09	2.39	3.76
Parking value for money	2.86	2.72	2.77	2.56	2.86	3.38	2.91	2.58	3.21	2.70
Ease of using passenger drop-off/ pick-up area	3.88	3.97	3.99	3.83	4.18	3.89	3.57	3.60	3.24	3.89
Availability of seating in pre-boarding lounge at terminal	3.72	3.71	3.65	3.75	3.98	3.65	3.85	3.96	3.72	3.89
Comfort of seating in pre-boarding lounge at terminal	3.67	3.71	3.72	3.68	3.72	3.58	3.58	3.75	3.27	3.76
Cleanliness of pre-boarding lounge	4.02	4.04	4.02	4.00	4.25	3.91	4.03	4.05	4.02	4.03
ONBOARD EXPERIENCE										
Onboard overall	4.02	4.04	4.02	4.00	4.25	3.91	4.03	4.05	4.02	4.03
Gift Shop/ News Stand										
Variety/ selection of merchandise	4.04	4.04	4.06	4.00	4.03	4.14	3.80	-	-	3.80
Staff courtesy	4.19	4.19	4.19	4.16	4.24	4.21	4.21	-	-	4.21
Ease of moving around inside shop	3.62	3.64	3.69	3.51	3.68	3.55	3.66	-	-	3.66
Value for money	3.38	3.36	3.39	3.30	3.40	3.47	3.30	-	-	3.30
Food Services										
Length of time in line for food services	3.64	3.60	3.65	3.52	3.62	3.74	3.84	-	-	3.84
Food/ beverages offered	3.60	3.63	3.67	3.55	3.65	3.55	3.43	-	-	3.43
Staff courtesy	4.19	4.19	4.23	4.09	4.25	4.20	4.21	-	-	4.21
Availability of seating	4.03	4.00	4.01	3.94	4.12	4.13	4.09	-	-	4.09
Comfort of seating	3.86	3.85	3.86	3.80	3.95	3.92	3.84	-	-	3.84
Cleanliness of seating area	4.08	4.08	4.07	4.05	4.17	4.10	4.09	-	-	4.09
Value for money	3.14	3.18	3.27	2.99	3.21	3.01	3.05	-	-	3.05
Washrooms										
Availability of washrooms	4.09	4.12	4.15	4.02	4.21	4.06	4.03	3.96	3.96	4.09
Cleanliness of washrooms	3.99	4.02	4.06	3.86	4.17	3.91	3.98	3.78	3.97	4.07
Lounge Seating										
Comfort of indoor lounge seating	3.98	4.03	4.08	3.91	4.06	4.04	3.71	3.37	3.62	3.89
Cleanliness of indoor lounge seating area	4.13	4.15	4.19	4.05	4.21	4.15	4.04	3.84	4.04	4.13

continued...

Average Satisfaction Ratings by Route – All Waves 2012 (see page 27 for Route Number Codes)										
		Larger Routes				Route	Smaller Routes			
	Total	Total	1	2	30	3	Total	4	19	5/9
Other Onboard Facilities/ Services										
Play area for children	3.68	3.75	3.79	3.71	3.64	3.66	3.23	-	-	3.23
Video arcade	3.49	3.48	3.49	3.27	3.77	3.60	3.30	-	-	3.30
Work stations	3.84	3.86	3.95	3.66	3.74	3.83	3.71	-	-	3.71
Outside decks	4.00	4.07	4.14	3.95	4.01	3.91	3.88	3.91	3.75	3.97
Outside appearance of the vessel overall	3.97	4.05	4.14	3.87	4.05	3.83	3.83	3.95	3.80	3.79
Availability of tourist and travel information	4.02	4.05	4.10	3.95	4.03	4.12	3.80	3.76	3.35	3.98
Ease of access, overall, for people with disabilities	3.74	3.84	3.93	3.65	3.86	3.73	3.42	3.57	3.11	3.54
Ease of finding facilities/ services	3.93	3.95	3.98	3.87	4.01	3.97	3.83	3.78	3.75	3.91
Clarity of public address system	3.73	3.76	3.78	3.66	3.88	3.82	3.50	3.55	3.06	3.70
Announcements when you need to be informed	3.87	3.88	3.91	3.78	3.95	3.95	3.73	3.72	3.44	3.85
Atmosphere/ environment	3.98	4.01	4.05	3.92	4.02	3.99	3.87	3.78	3.80	3.95
Procedures for unloading	3.99	4.01	4.09	3.87	4.01	3.94	3.95	3.99	3.85	3.99
Professionalism with onboard staff	4.21	4.22	4.29	4.10	4.20	4.19	4.20	4.15	4.23	4.20
Experience with the Sailing Schedule										
Earliest ferry earliest enough	4.02	3.99	4.00	3.97	4.03	4.06	4.05	4.01	4.41	3.90
Latest ferry late enough	3.52	3.58	3.64	3.35	3.78	3.12	3.69	3.27	4.25	3.60
Ferry sailing frequent enough	3.59	3.70	3.89	3.43	3.52	3.23	3.53	3.50	4.14	3.20
Ability to get onto desired ferry	3.90	3.94	4.09	3.69	3.86	3.73	3.94	3.96	3.79	4.02
Ability to connect with other sailings (based on those connecting)	3.24	3.12	3.42	2.93	2.97	3.06	3.64	3.53	3.18	3.94
Ferry departing on time	3.89	3.98	4.19	3.54	4.07	3.64	3.78	3.86	3.85	3.69
Safety										
Safety of ferry operations	4.17	4.18	4.24	4.05	4.21	4.10	4.18	4.19	4.16	4.18
Safety of loading/unloading	4.18	4.19	4.26	4.07	4.21	4.12	4.19	4.21	4.19	4.18
OVERALL VALUE										
Value for money of fares	2.94	2.96	3.05	2.82	2.91	2.87	2.95	3.04	2.98	2.90

TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal - All Waves 2012 -							
		Terminals					
	Total	Tsawwassen	Swartz Bay	Horseshoe Bay	Departure Bay	Langdale	Duke Point
OVERALL EXPERIENCE							
Trip overall	4.19	4.29	4.32	4.08	4.07	4.13	4.15
TERMINAL EXPERIENCE							
Terminal overall	4.08	4.17	4.16	3.96	4.12	3.86	4.13
Outside appearance of the terminal	4.03	4.12	4.07	3.93	4.20	3.68	4.12
Ticket Purchase							
Efficiency of the transaction	4.42	4.50	4.53	4.33	4.38	4.22	4.41
Staff courtesy	4.44	4.48	4.48	4.35	4.45	4.36	4.41
Clarity of staff directions	4.38	4.48	4.47	4.26	4.39	4.20	4.36
Food & Beverage Services at the Terminal							
Food beverages offered	3.59	3.78	3.60	3.42	3.60	3.45	3.53
Value for money	2.98	3.11	3.06	2.79	2.97	2.84	2.90
Gift Shop/ News Stand at the Terminal							
Variety/ selection of merchandise	3.87	3.97	3.85	3.88	3.88	3.94	3.69
Value for money	3.40	3.51	3.41	3.30	3.38	3.52	3.22
Outdoor Market Area at the Terminal							
Variety/ selection of merchandise	3.57	3.85	3.66	3.28	3.57	3.24	3.51
Value for money	3.30	3.56	3.33	3.00	3.27	3.16	3.18
Other Terminal Services							
Clarity of Public address system	3.55	3.62	3.61	3.43	3.55	3.47	3.86
Announcements when you need to be informed	3.74	3.82	3.84	3.62	3.66	3.71	3.96
Overall look & décor inside terminal	3.86	3.94	3.89	3.76	4.04	3.53	3.90
Usefulness of TV info screens	3.71	3.76	3.80	3.57	3.73	3.45	3.99
Availability of washrooms	4.07	4.10	4.17	3.98	4.13	3.89	4.19
Cleanliness of washrooms	4.00	4.04	4.10	3.82	3.98	3.92	4.16
Procedures for loading	4.06	4.13	4.16	3.90	4.02	4.01	4.21
Professionalism of terminal staff	4.17	4.21	4.25	4.05	4.11	4.07	4.24
Foot Passenger Services at the Terminal							
Availability of parking spaces	3.67	3.98	3.79	3.48	3.65	4.11	4.13
Parking value for money	2.86	2.90	2.63	2.55	2.78	3.72	2.86
Ease of using passenger drop-off/ pick-up area	3.88	4.07	3.89	3.71	3.94	4.04	4.33
Availability of seating in pre-boarding lounge at terminal	3.72	3.68	3.70	3.60	3.98	3.60	4.02
Comfort of seating in pre-boarding lounge at terminal	3.67	3.64	3.77	3.64	3.81	3.45	3.93
Cleanliness of pre-boarding lounge	4.02	4.02	4.03	3.86	4.15	3.94	4.44
OVERALL VALUE							
Value for money of fares	2.94	2.98	3.08	2.86	2.83	2.82	2.90

Research Methodology

Background

British Columbia Ferry Services Inc. (BC Ferries) has commissioned tracking research to gauge customer satisfaction on specific BC Ferries Routes to determine and monitor areas of service that patrons believe are performing favourably and areas requiring improvement. Ultimately, this research will contribute to product and service enhancements for an improved service for BC Ferries travellers.

Project Overview

The 2003 Customer Satisfaction Tracking Study acted as a baseline for the newly formed B.C. Ferry Services Inc. and was designed to track performance on satisfaction levels overall and with specific service attributes. Once a year, the annual satisfaction scores will be published on the BC Ferries web site as required by the Coastal Ferry Services Contract.

The study is designed to provide input to the Corporate Strategic Plan and to regular service and marketing plans.

Research Objectives

The specific objectives are as follows:

- Determine BC Ferries' customers' satisfaction levels overall with BC Ferries' service,
- Determine satisfaction with the specific attributes of the service,
- Uncover the relative importance of attributes,
- Measure satisfaction with attributes that span the entire range of points of customer contact with BC Ferries,
- Track changes in satisfaction over time, and across customer segments,
- Identify the critical improvements to the current service offering that will have the greatest impact on customer satisfaction,
- Ensure the tracking research is relevant and credible enough to pass internal and external scrutiny.

Quantitative Tracking Research

First, a random sample of passengers was intercepted onboard to collect key "screener" data including frequency of travel on BC Ferries, purpose of trip, area of residence, origin/destination, and standard demographic questions. Each questionnaire also included coding of the route, the departure time, location of interview, the vessel name and any other information of value for analysis. This information was collected in the form of a "batch header", which was attached to all the "screeners" completed on each sailing.

Immediately following this "screener", passengers are given a longer follow-up survey to complete *after* they disembark and leave the terminal area. The completed survey is returned in a postage pre-paid envelope. Respondents are instructed to complete the survey within 48 hours of receiving it to ensure top-of-mind experiences are recorded.

This self-administered portion of the survey was designed to capture satisfaction and usage information from all potential points of contact for the *last* trip—from initial information requests, access to terminal, and ticket sales, to onboard, disembarking and post-travel experience. It included:

- an overall satisfaction measure
- service/facility attribute satisfaction ratings
- expenditure data
- problems encountered and responsiveness of personnel in resolving problems
- suggested changes or additions that would enhance the experience

The survey instrument was designed in full consultation with BC Ferries.

Sample Size

The total sample of placements was disproportionately distributed across larger and smaller routes to ensure a minimum number of interviews per route for reliability.

Routes surveyed and the number of screeners and completed returned surveys from each route during this measure are as follows:

	All Waves 2012	
	Screeners	**Returns**
Route 1: Tsawwassen-Swartz Bay	1,850	765
Route 2: Horseshoe Bay-Departure Bay	2,206	859
Route 3: Horseshoe Bay-Langdale	1,202	515
Route 30: Tsawwassen-Duke Point	1,590	663
Route 4: Swartz Bay-Fulford Harbour, Saltspring Island	1,116	504
Route 19: Departure Bay–Descanso Bay, Gabriola Island	1,021	368
Route 5/9: Southern Gulf Islands	2,315	1,344
TOTAL	**11,219**	**5,018**

Sample Validation and Weighting

The data was weighted to bring them into their correct proportions, based on known statistics for the field period. Data was weighted to match actual passenger distribution:

- within each wave, by routes selected for surveying,
- within each route by daypart,
- within each route by weekday and weekend traffic, and
- by known BC Ferries traffic volume by wave

The weighting procedures have been professionally scrutinized and approved by a professional statistician specializing in transportation research.

The table following outlines the actual and weighted distributions of the sample.

Actual & Weighted Distribution of the Sample –All Waves 2012 –				
	Screeners		**Returns**	
	Actual (11,219) %	Weighted (11,219) %	Actual (5,018) %	Weighted (5,018) %
Weekend Route:				
1	6	13	5	13
2	6	8	6	7
3	3	6	3	6
30	4	3	4	3
4	3	1	3	1
19	3	1	2	1
5/9	7	2	9	2
Weekday Route:				
1	11	23	10	24
2	14	15	12	13
3	8	11	7	12
30	10	7	9	7
4	7	3	7	3
19	6	4	5	4
5/9	14	4	18	6

Data Collection

The interviewers for this study were personal intercept staff who have completed rigorous training and are experienced with general public studies as well as business-to-business studies. A detailed briefing of interviewing staff was attended by the field director, supervisory staff and the project director.

So that a proper representation of ferry travellers was interviewed, interviewers were trained in the following techniques and randomization procedures, which were strictly adhered to:

- Passengers were approached as soon as they were seated and where necessary, minimum age verified (18 years and over).
- An interview with every 5th person was attempted.
- Passengers in small as well as large groups were approached; respondents were instructed to complete the survey individually, not as a group.
- All areas of the vessel were covered - cafeteria, snack bar, all lounge areas, outer decks and vehicle; interviewers moved to each of these areas every 15 minutes on major routes and every 5 minutes on minor routes.
- Both foot and vehicle passengers were approached.
- Where possible, and to correct for inherent bias of foot to vehicle passengers (foot passengers are first on and last off), interviewing was conducted on parking decks with vehicle passengers after the announcement signaling arrival to port
- Interviewers were instructed not to accommodate patrons requesting a survey; however, if individuals were persistent a specially marked copy was provided allowing for its removal from the total.

Data Analysis

Senior coding staff was briefed on relevant information and nuances. Categories for open-end responses were developed under the guidance of the senior researcher and verification was performed by the coding supervisor.

The data entry system used for this study includes an internal edit, which is custom programmed. This immediate verification during the data entry process reduces entry errors and a further more detailed computer edit is performed after entry of the data.

For standard cross-tabulations, software designed expressly for marketing research was employed. Special editing and cleaning features of this database package ensure that the records are data entered and coded with accuracy. Further rigorous checks for inherent logic and consistency were performed prior to data tabulation.

Response Rate

The following outlines the response rates achieved in the June 2012 measure.

Response Rates	
	All Waves '12
Route 1	41
Route 2	39
Route 3	43
Route 30	44
Route 4	45
Route 19	36
Route 5/9	58
Overall response	**45**

Overall, the tolerance limits for this measure at the 95% level of confidence, based on the most conservative case (i.e., a statistic of 50%) are as follows:

Tolerance Limits –All Waves 2012		
	Actual Sample Size	**Approximate Tolerance Limits % Points**
Total Screeners	11,219	+/- .9
Total Returns	5,018	+/- 1.4
Individual Route Returns		
Route 1	765	+/- 3.5
Route 2	859	+/- 3.3
Route 3	515	+/- 4.3
Route 30	663	+/- 3.8
Route 4	504	+/- 4.4
Route 19	368	+/- 5.1
Route 5/9	1,344	+/- 2.7

Complaints Resolution Report

Year Ended March 31, 2013

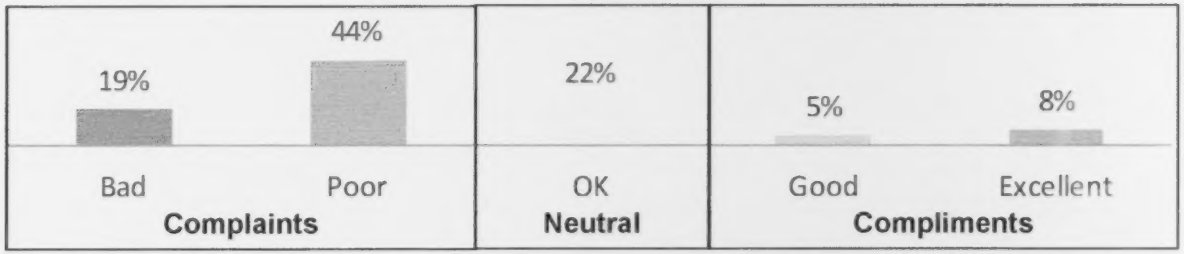
BCFerries

Complaints Resolution Report
Fiscal 2012/2013

Feedback Summary

- During the 2012/13 fiscal year 19.9 million customers travelled with BC Ferries.
  - BC Ferries received 8,234 comments in 2012/13

Distribution of Comments by Rating



- Customer initiated feedback tends to be negative. Thirteen percent (13%) of all customer feedback received in 2012/13 was complimentary.

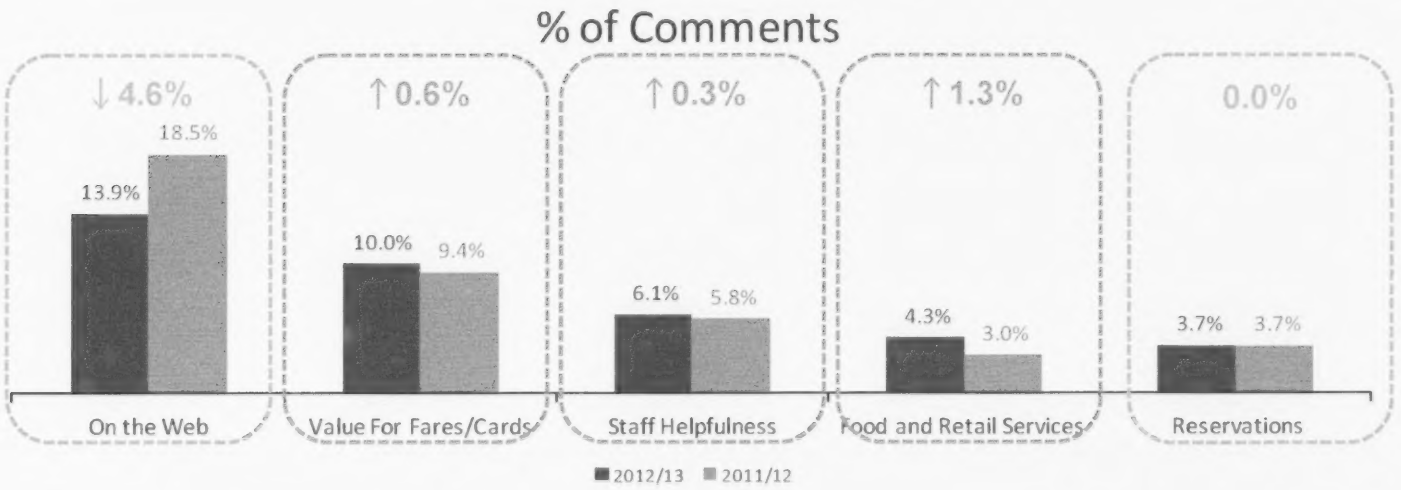
- "On the Web" was the top issue: 1,141 complaints* were made, representing 13.9% of the total comments received in 2012/13.
  - Top 5 complaints combined represent 38% of all complaints received in 2012/13

- "General" comments are excluded from this analysis:
  - 922 "General" comments were received which were primarily made up of suggestions (351) and company information (255)

*Complaints = "bad" or "poor" rating accompanied by a comment
Note: 2012/13 = April 1, 2012 to March 31, 2013

Top Complaints*: Corporate

#	Complaint	2012/13		2011/12	
		Complaints*	% of Comments (n=8,234)	Complaints*	% of Comments (n=9,005)
1	On the Web	**1,141**	**13.9%**	1,665	18.5%
2	Value For Fares/Cards	**827**	**10.0%**	844	9.4%
3	Staff Helpfulness	**499**	**6.1%**	524	5.8%
4	Food and Retail Services	**356**	**4.3%**	271	3.0%
5	Reservations	**303**	**3.7%**	329	3.7%



*Complaints = "bad" or "poor" rating accompanied by a comment
Note: 2012/13 = April 1, 2012 to March 31, 2013
2011/12 = April 1, 2011 to March 31, 2012

On The Web

Sample of Customer Comments:

Complaints

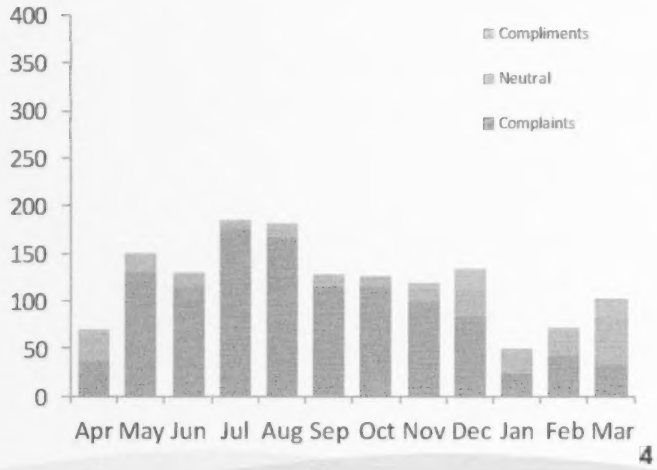
- "I tried numerous times today to use the online reservations tab on your web site but every time I selected to show availability the web page locked up and I had to close out and log back in. I finally found a link on your home page that allowed me to book but honestly if there was another option for me I would not have booked with BC Ferries because of the extra 45 minutes it took me to complete this task. I'm sure others are having the same issue."
- "I am no longer able to access my Experience Card. I get a message that I need to enable cookies but I have a) made www.bcferries.com "save" and to allow cookies at all times, b) temporarily reduced my security settings so that cookies are allowed. Neither of these have worked. Any suggestions? I am using the newest version of Internet Explorer."

Compliments

- "It was a delay for the Lions Gate due to an accident that put us behind. You had nothing to do with us missing the ferry. Your website and tweets were great."
- "Kudos to @BCFerries for getting us home last night through some nasty weather! And for such a great twitter feed."

On the Web includes:

Group/Attribute	Complaints	Neutral	Compliments
On the Web: Login/Passwords	586	115	12
On the Web: Design and Usability	287	24	4
Reservations: Online Reservations	114	6	3
On the Web: Service Notices	64	25	3
On the Web: Information/General	42	37	26
On the Web: Travel Planning	23	9	3
On the Web: Current Conditions	21	4	15
On the Web: Online Giftshop	4	13	8
% of all comments (8,234)	**13.9%**	**2.8%**	**0.9%**



4

*Complaints = "bad" or "poor" rating accompanied by a comment
Note: 2012/13 = April 1, 2012 to March 31, 2013

On the Web

On May 12, 2011, BC Ferries launched a comprehensive redesign of its website. This included the introduction of a single online reservation channel to replace the two unique channels that had been in place since August 2008. The intention of consolidating the two reservation channels was to remove problems encountered by customers when trying to use a password for one channel to access the other.

Implementing the single access online reservation service proved to be a highly complex undertaking, particularly in terms of aligning customer accounts associated with the ten-year-old Reserved Boarding on the Internet (RBI) service. There were also a number of performance and account validation issues that did not emerge during the testing conducted, nor with external customer focus groups and staff.

Since the May 2011 launch, a number of releases and "spot fixes" were implemented with varying degrees of success. The ultimate answer, arrived at following extensive technical review and heuristic evaluation, was to change the overall design and user workflow of the online reservation system and update the server infrastructure of the website as a whole.

Both initiatives were completed successfully on April 30, 2013, with the launch of a more efficient and intuitive website experience.

Value For Fares/Cards

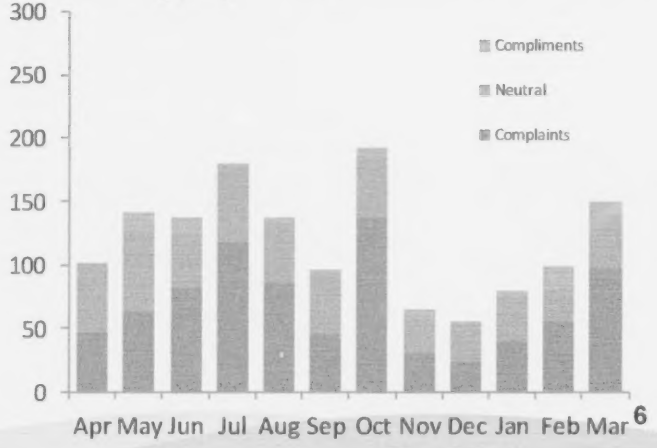
Complaints

- "Your continued price increases are criminal. The more you raise your prices, the less people can use your service. Congratulations, I will be relocating to the city from the Sunshine Coast as I can no longer afford your services. Better raise your price again."
- "I don't understand why you get to decide how much money we load onto our Experience Cards and why there needs to be a minimum? Obviously we are going to load the correct amount needed onto the card. What if we don't need to load $105 on the card? This is just another lovely reason why my hate for BC Ferries is growing! Sincerely, Stranded because of ferry costs."
- "How about some Coast Saver savings? Too costly to use the ferry on a whim, lower the cost, raise the ridership, pretty simple."

Compliments

- "I really appreciate that you no longer have over height prices from Tsawwassen-Swartz Bay. It makes a difference for me because I travel with a motor home occasionally. Thank you!"
- "I am very thankful that your DSI [Disabled Status Identification] program accepts other documentation instead of having to go through my family physician who charges me for each form that requires filling out. As you can understand, when on disability all of the pennies count."

Group/Attribute	Complaints	Neutral	Compliments
Fares: Value for Fares Paid	268	24	16
Fares: Experience Card	114	89	11
Fares: Discount Fares	110	71	8
Fares: Other Fares	106	89	21
Fares: Coast Card	74	109	8
Fares: Errors	48	20	0
Fares: Refunds	34	74	4
Fares: Promotions	32	25	20
Fares: Credit/Debit Card	20	4	2
Fares: Frequent Travel	17	11	2
Fares: SailPass/CirclePac	4	3	0
% of all comments (8,234)	**10.9%**	**6.3%**	**1.1%**



*Complaints = "bad" or "poor" rating accompanied by a comment
Note: 2012/13 = April 1, 2012 to March 31, 2013

Value For Fares/Cards

On June 2, 2011, the Coastal Ferry Amendment Act (Bill 14) was enacted. Among other things, Bill 14 established a price cap for the first year of the Performance Term Three (PT3) with an increase for each route group on April 1, 2012 of 4.15% from the weighted average of the tariffs payable as at March 31, 2012. BC Ferries implemented tariff increases April 1, 2012 to the new levels authorized. The April 1, 2012, price cap and tariff increases were moderated by incremental funding provided from the Province. On September 30, 2012, the British Columbia Ferries Commissioner (Commissioner) issued Order 12-02 which established the price cap increases for the remainder of PT3: 4.1% at April 1, 2013; 4.0% at April 1, 2014; and 3.9% at April 1, 2015. BC Ferries implemented tariff increases April 1, 2013 to the new levels authorized.

Overall, the price cap increases reflect the capital investment in ships, terminals, and Information Technology BC Ferries has had to make. It also reflects significant increases in operating costs related to items outside the control of the Company. This includes an approximate 260% increase in fuel costs since 2003, as well as significant increases in insurance premiums, property taxes, utilities, benefits program rates, contractual labor costs, and regulated labor requirements. The rigidity of the current structure of the Coastal Ferry Service Contract (CFSC) with the Province has also contributed to the level of the price caps and tariffs experienced.

Minimum buy-in level for Experience™ Card discount: The option of pre-purchasing fares in order to gain access to discounted fares was established in conjunction with the commuter route designation in place since 1961 for all Gulf Islands and since 1972 for the Sunshine Coast. While the Experience Card™ replaced the pre-paid paper books of 5 or 10 ferry tickets in 2008, the principle of pre-purchasing fares for discounted travel remained intact with the added benefit of the Experience™ Card being applicable to all routes with commuter discounts. In addition, the Experience™ Card provides registered customers with loss protection, which was not available with the pre-paid paper books. The minimum buy-in level generally increases with the annual price cap adjustment, and is established at a minimum to cover two round trips for car and driver on any route which has an Experience™ Card discount. The logic for this is simply that the card is intended for frequent users, and two round trips is the most basic level of 'frequent'.

There is anecdotal evidence that the increase in fares has caused customers to limit discretionary travel. A report provided by InterVISTAS Consulting Inc., acknowledges some minor price elasticity, but notes that there are other causal factors affecting ridership.

Value For Fares/Cards

Action Taken:

- A CoastSaver Fares promotion was offered on the Tsawwassen – Swartz Bay, Tsawwassen – Duke Point and Horseshoe Bay – Departure Bay routes, Friday through Monday from May 25 - June 25, 2012.
- Effective July 20, 2012 the fuel surcharge was reduced and as per November 20, 2012 BC Ferries was in a position to eliminate the fuel surcharge altogether.
- For the introduction of British Columbia's new Family Day long weekend, BC Ferries offered free travel for all children 11 years of age and under from Friday, February 8, 2013 through to Monday, February 11, 2013.
- BC Ferries is continuing to grow the non-tariff revenue through catering, retail, drop trailer business and vacation packages, generating revenue that can be re-invested into the company to help keep fares down.
- BC Ferries has continued its aggressive cost containment program with the result that in 2012/13, operating expenses, excluding fuel costs, were $27.2 million below previously planned levels as outlined in BC Ferries' published business plan for the year.
- On January 24, 2012, the British Columbia Ferries Commissioner issued his report to the British Columbia Minister of Transportation and Infrastructure as to how the *Coastal Ferry Act* could be amended to balance the interest of ferry users with the financial sustainability of BC Ferries. The report makes 24 substantive recommendations covering a wide range of ferry related issues. In May 2012, the Province responded to the Commissioner's recommendations, enacting the Coastal Ferry Amendment Act 2012 (Bill 47). On May 9, 2012, the Province announced the introduction of amendments to the Act, as well as payment of $25.0 million relating to 2011/12 and a further $54.5 million over the following four fiscal years to reduce the pressure for higher fares. As well, government announced its intention to make adjustments to service levels, and to do so within the context of discussions with communities about trade-offs among service adjustments, fare increases and potential community contributions. The Province solicited public input to develop strategies to support a vision for connecting coastal communities. BC Ferries provided technical assistance and subject matter support through the process. The process concluded in December 2012 and in March 2013, the Province released its report summarizing the public input it received.
- Amendments to the CFSC, which took effect April 1,2012, included target net savings of $30 million from service level adjustments over PT3. Savings of $4 million will be realized through service level adjustments on three of the major routes. Adjustments in service levels to realize the remaining $26 million in savings were to be identified by June 30, 2013. Through a subsequent amendment to the CFSC the deadline for identifying the additional service level adjustments was extended to March 31, 2014. Funding of $7.1 million was received from the Province to compensate BC Ferries for this deferral. Ferry service levels are a public policy decision of the Province and the Company will await direction from the government regarding future adjustments to service levels to achieve the remaining $18.9 million in net savings, and the resulting impact on fares.

Staff Helpfulness

Sample of Customer Comments:

Complaints

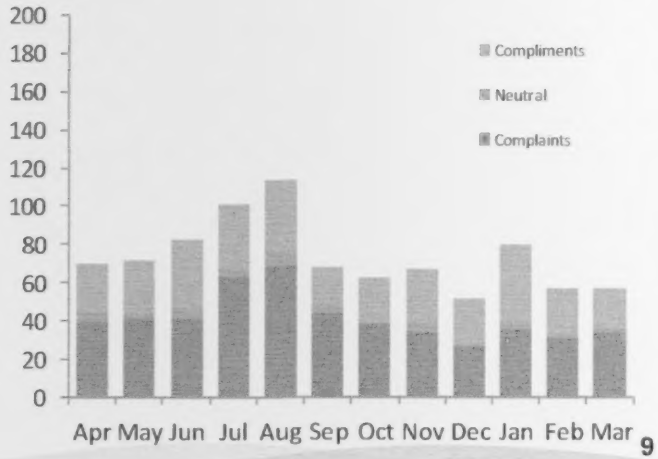
- "I was travelling with my baby and I asked a ferry worker on the ship to help me and they advised me they couldn't and to give them a minute. Upon waiting for 5 minutes and watching them text I walked away in frustration without any help."
- "The cashier from Victoria to Salt Spring was very rude and unhelpful. We didn't know that we had to buy a "pass" to get our connecting ferry and she charged us another $54 after already paying $100 for our previous ferry. Very frustrating!!!"
- "Clerk at check in was on phone. Didn't assist me. Told me sailing had closed yet I had made 10 min cut off. I requested I walk on once cars loaded, employee refused again."

Compliments

- "We wish to express our thanks and praise for a recent trip on BC Ferries. The voyage was on the MV Klitsa and the crew did an excellent job in customer service and made everyone feel welcome aboard!"
- "Today on the Powell River – Comox run I locked keys in van. The great staff made my day with a little help. Great crew! Big thanks!"

Staff Helpfulness includes:

Group/Attribute	Complaints	Neutral	Compliments
Check-In: Staff Helpfulness	194	8	44
Inside the Terminal: Staff Helpfulness	148	13	103
On the Ship: Staff Helpfulness	106	12	163
Outside the Terminal: Staff Helpfulness	20	1	3
On the Phone: Information Accuracy	19	3	0
On the Phone: Agent Helpfulness	9	3	27
On the Phone: Resolution of Issues	3	2	1
% of all comments (8,234)	**6.1%**	**0.5%**	**4.1%**



9

*Complaints = "bad" or "poor" rating accompanied by a comment
Note: 2012/13 = April 1, 2012 to March 31, 2013

Staff Helpfulness

Root Cause:

Communication issues, ticketing errors, misunderstandings, inappropriate behavior by employee leading to customer dissatisfaction.

Lessons Learned:

Customer feedback has given us an opportunity to identify areas of improvement in customer service and ongoing customer service training and coaching is required.

Action Taken:

Complaints regarding employees are investigated on a case by case basis. The customer is sent a response with an apology.

Where communication is the issue, information is provided to the customer to assist in preventing further confusion. In the case of inaccurate information or inappropriate behavior by an employee, corrective action is taken with the employee and the customer is contacted to correct the misunderstanding.

Positive feedback is also shared with the employees.

Food and Retail Services

Sample of Customer Comments:

Complaints

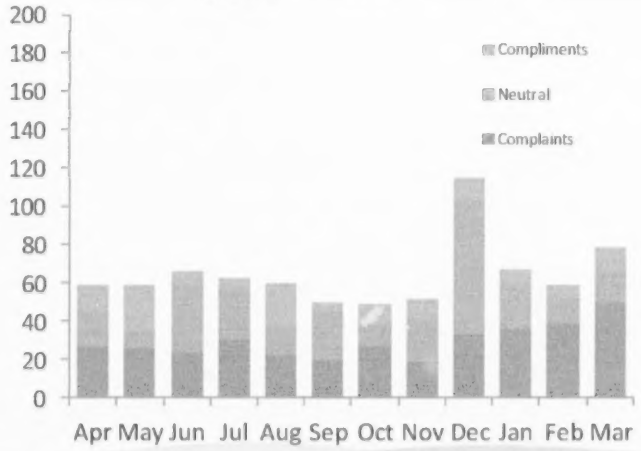
- "Can't imagine experiencing pirates in coastal waters? Try buying lunch on BC Ferries. $16 for frozen and fried!"
- "We travel to Nanaimo and back to Horseshoe Bay fairly regularly. Often it is during meal time. The menu is very limited and it would be good to see a regular or daily special or variation from the same old same old."
- "Why are Skype and UTube blocked? There are technical tutorials I would like to watch while sitting for an hour waiting for the ferry. Thank you."

Compliments

- "Your gluten free burrito is delicious! Also today's coastal café service onboard this super busy boat was wonderful!"
- "I was on the 5pm sailing from Tsawwassen to Swartz Bay on March 11/2013. It had been about 10 years since I had been to the Pacific Buffet for a dinner meal but one of my friends had said the food had really changed. I was very impressed. The roast beef was perfect. The Padang prawns were spicy and delicious. The salmon bone free and perfect and the best mashed potatoes. The salad bar and dessert bar looked great but after seeing the main course options, I didn't want to bother with anything else. I've been missing out! Will be back to the PB next week!"

Reservations includes:

Group/Attribute	Complaints	Neutral	Compliments
On the Ship: Amenities	163	80	21
Food and Retail Services: Food Selection/Quality	87	34	26
Food and Retail Services: Food Value	30	2	1
Food and Retail Services: Staff Helpfulness	28	2	16
Food and Retail Services: Lounge/Buffet/Coffee Bar	17	11	9
Food and Retail Services: Retail Value	15	20	3
Food and Retail Services: Retail Selection	13	103	57
Food and Retail Services: Online Giftshop	3	34	3
% of all comments (8,234)	**4.3%**	**3.5%**	**1.7%**



11

*Complaints = "bad" or "poor" rating accompanied by a comment
Note: 2012/13 = April 1, 2012 to March 31, 2013

Food and Retail Services

Root Cause:

Amenities / Wi-Fi:

On July 5, 2010 BC Ferries started the pilot project for a complimentary Wi-Fi service to allow customers to browse the web or check e-mail while travelling with BC Ferries. This service is now available at the Swartz Bay, Tsawwassen, Departure Bay, Horseshoe Bay and Langdale terminals as well as onboard select vessels that travel to and from these terminals.

A standard global filtering service is restricting access to websites tagged as displaying inappropriate content. Furthermore, streaming websites are restricted in order to allow all customers shared access to the limited wireless bandwidth available on our networks for basic web browsing and e-mail usage. To allow streaming media would impact other customer's ability to use the free resource efficiently.

Lessons Learned:

Customers need to be kept informed of the restrictions that do apply to the free Wi-Fi service to avoid disappointment.

Action Taken:

The BC Ferries website provides information about the complimentary Wi-Fi service as well as a list of Frequently Asked Questions to assist customers who encounter difficulties with the service.

Food and Retail Services

Root Cause:

Food Selection/Cost:

Food services onboard BC Ferries are offered within a high cost venue including costs not traditionally required for restaurants such as vessel upkeep, life saving equipment, crew training in emergency evacuation, etc. Therefore food services onboard are offered at a slightly higher price when compared to fast food venues on land.

Consumer behavior demonstrated loyalty towards favorite menu items and in the past BC Ferries was hesitant to remove such items in favor of new and unproven menu options.

Lessons Learned:

Through customer feedback BC Ferries has recognized that frequent customers are expecting more frequent changes to the menu options.

Action Taken:

In order to determine customers' interest, BC Ferries offered additional White Spot menu items onboard vessels servicing the Departure Bay – Horseshoe Bay route on a trial basis and conducted a survey after completion of the trial. Customer feedback was positive and BC Ferries gradually expanded the popular White Spot menu options onboard vessels servicing the Swartz Bay – Tsawwassen, Departure Bay – Horseshoe Bay and the Duke Point – Tsawwassen routes starting April 17, 2013.

The renewed partnership with White Spot enables BC Ferries to offer greater flexibility to make periodic changes to the menu options in future.

Reservation General

Sample of Customer Comments:

Complaints

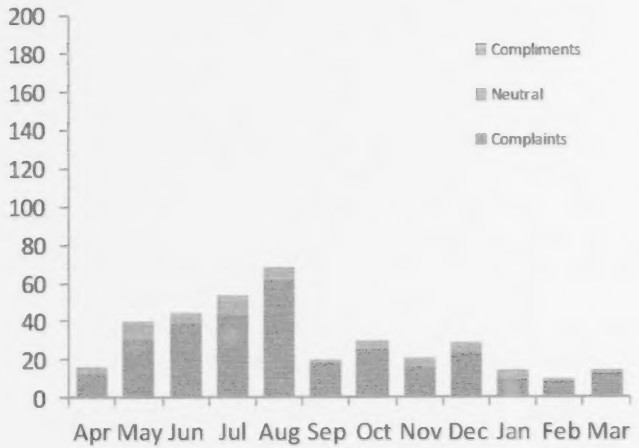
- "I made a reservation yesterday, then called today in an attempt to change it to 2 hours earlier. You'd like an extra $9 for the change? Brutal! Not only will I not make this change, I WILL NOT make future reservations outside of expected busy times..."
- "Why do I need to be at the terminal 45-60 minutes before the sailing when I have a reservation? If I can be at the terminal 60 minutes before the sailing I do not need a reservation. I want a reservation because I will arrive 15 minutes before a sailing."
- "I had reservations for the 6:00 pm ferry leaving from Tsawwassen to Swartz Bay and arrived 15 minutes late and the lady at the booth would not accept my reservation. I missed the ferry. The reason for my e-mail is to express tremendous disappointment with which I felt I have been treated."

Compliments

- "I appreciate the option to be able to speak to an agent."
- "I made a reservation to travel from Tsawwassen – Village Bay to pick up my father who had had a motorcycle accident. It turned out that he had to come back earlier to go to the hospital... I phoned back a couple of hours after making the reservation to cancel it. I explained the situation and the staff member was very kind and helpful and cancelled my reservation and then extended his hope that everything would work out..."

Reservation General includes:

Group/Attribute	Complaints	Neutral	Compliments
Reservations: Policies	106	14	1
Check-In: Reservations	69	7	4
Reservations: General	32	11	1
Reservations: Flexibility/Changes	30	2	0
Reservations: Cost	27	1	1
Reservations: Availability	20	9	0
Reservations: Booking with an Agent	10	1	5
Reservations: Automated Phone Reservations (IVR)	9	1	0
% of all comments (8,234)	**3.7%**	**0.6%**	**0.1%**



*Complaints = "bad" or "poor" rating accompanied by a comment
Note: 2012/13 = April 1, 2012 to March 31, 2013

Reservation General

Root Cause:

To allow sufficient time for safe loading of vessels, BC Ferries implemented a 30 minute cut-off for reservation redemption at the ticket booth. This reservation cut-off is historic and has been in place for many years.

A fee to change reservations was implemented in December 2007 as an enhancement to the previous strict "no refund / no changes" policy.

Infrequent travellers, booking a reservation, will often overlook the importance of the 30 minute cut-off. Customers who miss the reservation cut-off are often surprised their reservation won't be honored and they must travel on standby. Customers requiring a change to an existing reservation sometimes express disappointment with the additional cost.

Lessons Learned:

It is imperative that customers are made fully aware of reservation policies at the time of booking to avoid disappointment at the time of travel.

Action Taken:

Clear communication is in place via the following channels: reservation terms and conditions, reservation confirmation e-mail, FAQ (Frequently Asked Questions) on the website, through our IVR system, and during the booking process with our Customer Service Agents. Communication through these channels is reviewed annually to ensure the messaging is effective and delivered consistently to customers at the time of booking.

Each complaint made will be investigated to determine if an error on behalf of BC Ferries led to the customer's dissatisfaction. This includes the possibility of employee not following procedures or customer service agents being unclear about policies at time of booking:

- If an error is identified the reservation fee will be refunded to the customer and corrective training action will be taken with the employee.
- If it is determined that the issue is related to unclear written communication, the collateral material will be reviewed and improved. In this case, the customer will also receive a refund of the reservation/change fee.
- If the policy was clearly communicated at the time of booking and no error has been made, a thorough explanation of the reason for the policy will be provided to create an increased awareness of the complexity of loading a vessel and maintaining on time departures.

With the roll out of the new Express Reservation system on April 30, 2013, improvements have been made on how policy information is displayed online.

Part 3

Additional or Alternative Service Providers

BCFerries

Part 3: Additional or Alternative Service Providers

BC Ferries is required by Section 69 of the Act to seek ASPs where so ordered by the Commissioner. When BC Ferries receives such an Order, it must prepare a plan for the Commissioner's approval, and then report to the Commissioner on the activities it undertook to comply with that Order. During the fiscal year, no Orders were issued by the Commissioner for BC Ferries to seek ASPs.

BC Ferries, however, continuously seeks opportunities to enhance efficiency and productivity in the delivery of coastal ferry services. With that as its continued objective, BC Ferries from time to time tests the market to determine if another operator under sub-contract could provide safe, reliable and high quality service that is more cost-effective. The actions undertaken by BC Ferries in 2012/13 in this area focussed on seeking ASPs for a cable ferry service on route 21 (Buckley Bay to Denman Island).

- ***Route 21 - Cable Ferry***

In the last four years, BC Ferries has undertaken extensive review of the feasibility of using cable ferry technology on one of its shortest routes – route 21. Based on the results of this review, the Company believes that a cable ferry on this route is both technically and financially feasible.

The design and analysis conducted to date by BC Ferries on the route 21 cable ferry system has included: validation of environmental conditions; hydrodynamic testing of the vessel; cable load analysis and dynamic interaction of the ferry and berths; and the determination of operational criteria, cable specification and safety factors. Regulatory approvals for the cable ferry have been obtained, including approval from the Department of Fisheries and Oceans under the *Canadian Environmental Assessment Act* and Transport Canada approval under the *Navigable Waters Protection Act*.

Cable ferry technology uses small engines in combination with drive and guide cables to move the vessel. Not only do cable ferries have a lower capital cost than conventional ferries, but a reduction in operating costs would also be expected. Safety, reliability and quality of service will continue to be important considerations throughout the project. The cable ferry is an innovative initiative and is part of the Company's ongoing efforts to identify and pursue opportunities that have the potential to enhance its cost effectiveness.

In May 2012, BC Ferries issued a Request for Proposals ("RFP") to invite selected potential ASPs, who responded to a Request for Expressions of Interest issued by BC Ferries in November 2011, to provide BC Ferries with a proposal to design, build, operate and maintain a cable ferry system for route 21. The RFP closed in August 2012. The responses did not demonstrate the potential for BC Ferries to realize cost savings from having the route 21 cable ferry system designed, built, operated and maintained by an ASP. Accordingly, the RFP process was terminated in November 2012 without issuance of a contract with an ASP. This marked the conclusion of the alternative service delivery initiative for the cable ferry. BC Ferries is now proceeding with the view that it will itself design and build, operate and maintain the route 21 cable ferry system.